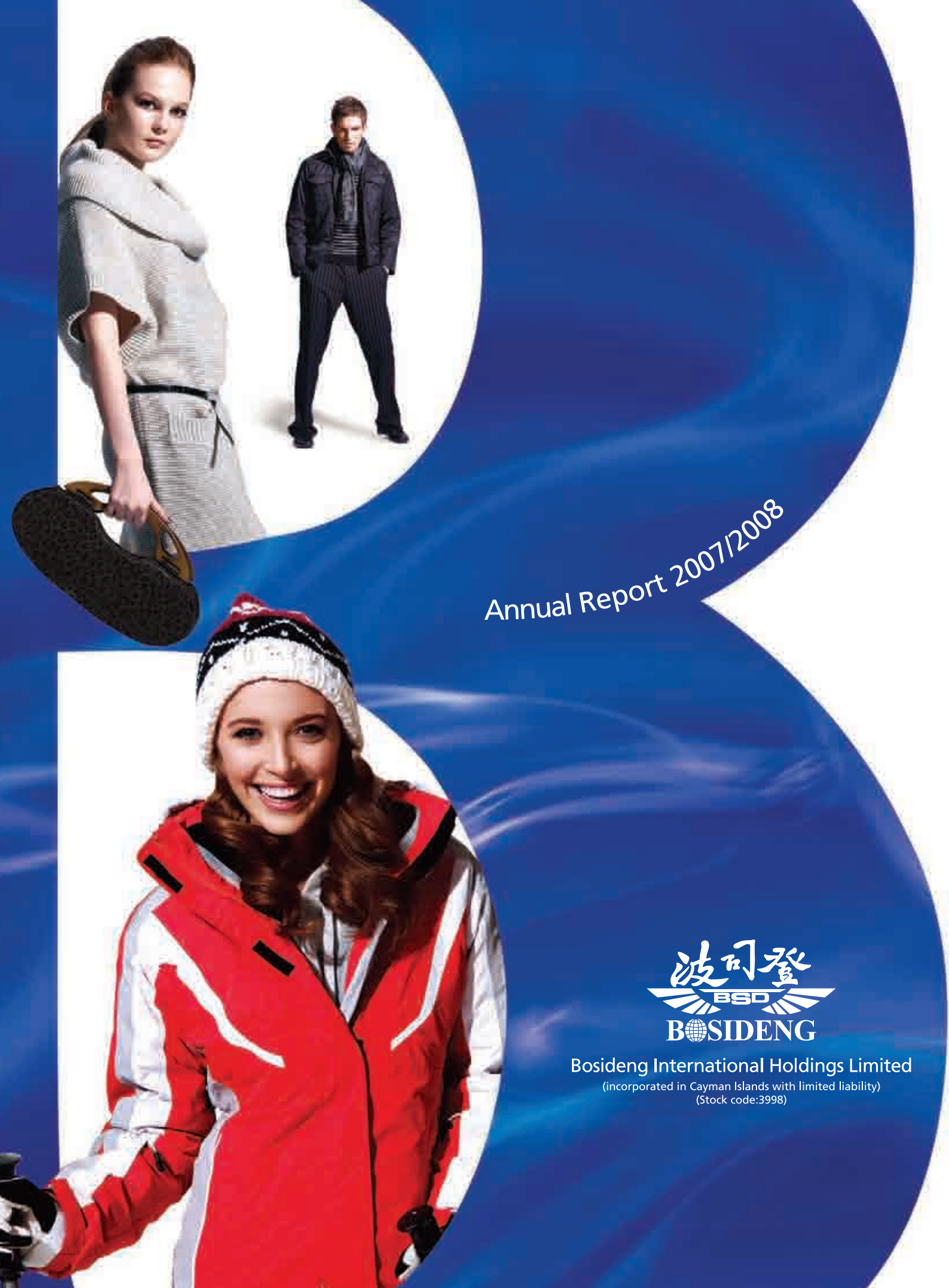


Annual Report 2007/2008



Bosideng International Holdings Limited
(incorporated in Cayman Islands with limited liability)
(Stock code:3998)







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Company Profile

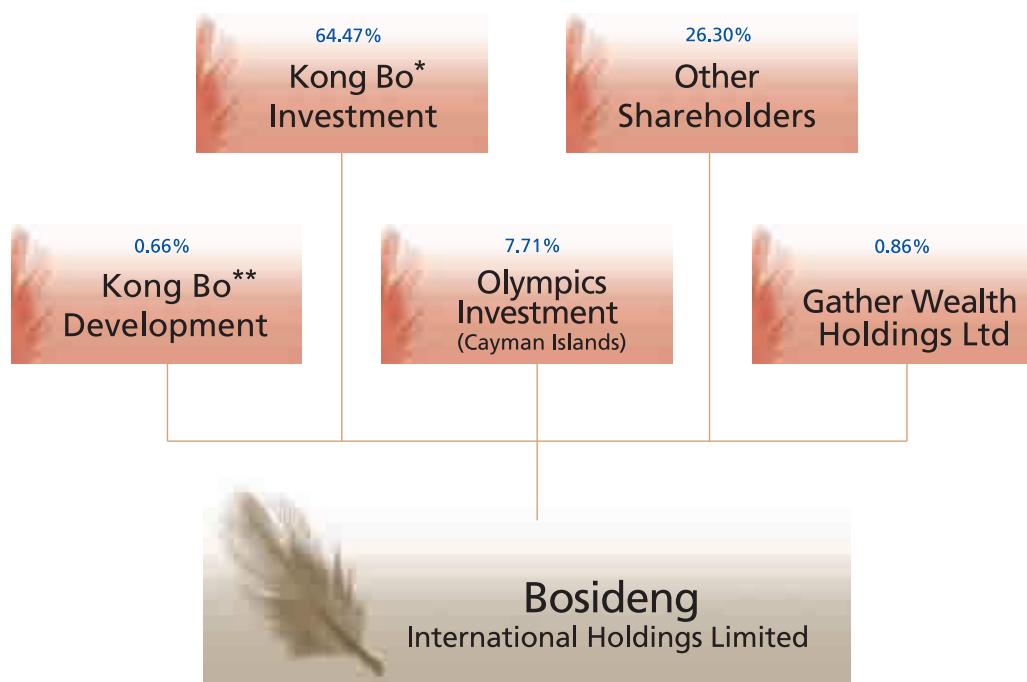
Bosideng International Holdings Limited ("Bosideng" or the "Company", together with its subsidiaries collectively referred to as the "Group") is the largest down apparel company in the PRC. Its retail distribution network comprises over 7,100 retail outlets covering more than 65 cities across the nation, selling down apparel under its six core brands including *Bosideng*, *Snow Flying*, *Kangbo*, *Bingjie*, *Shuangyu* and *Shangyu*. Through these brands, the Group offers a wide range of down apparel products targeting various consumer segments. Bosideng further strengthens and expands its leading position in the PRC down apparel industry while diversifying into new products and new markets.

According to China Industrial Information Issuing Centre ("CIIC"), in terms of sales in 2007, *Bosideng*, *Snow Flying*, *Kangbo* and *Bingjie* down apparel products achieved a combined market share[#] of 39.9% in the PRC. *Bosideng* was the leading down apparel brand in the PRC for 13 consecutive years from 1995 to 2007, according to the CIIC and the National Bureau of Statistics of China. The *Bosideng* brand was named one of China's Top 10 Brands in the World Market in 2006 by the World Confederation of Productivity Science, Chinese Association of Productivity Science and World Productivity Congress. In 2007, *Bosideng* was the only apparel brand awarded China's World Famous Brand by the PRC General Administration of Quality Supervision, Inspection and Quarantine.

[#] Among the 30 largest down apparel brands



Corporate Structure



Notes: As at March 31, 2008

* Mr. Gao Dekang holds 95% equity interest of Kong Bo Investment (BVI).

** Ms. Mei Dong holds 100% equity interest of Kong Bo Development (BVI).



Milestones and Achievements

Awards and recognition

The Group has won a number of honours and accolades during the year under review, a testament to its leading position in the apparel industry.

Major highlights of the year included:

- In September 2007, *Bosideng* boasts the honour of being the only apparel brand in the PRC awarded "**China's World Famous Brand**" by the PRC General Administration of Quality Supervision, Inspection and Quarantine **a**
- In March 2008, *Bosideng* won the "**Grand Achievement Award**", which was the top honour bestowed at the China Apparel Brands Annual Awards organized by the China National Garment Association. It is a true testament to the Group's position as a trendsetter in the down apparel industry **b**
- *Bosideng* ranked among "**Top Ten Brands**" in China with other acclaimed names such as China Life, China Mobile and Pepsi Cola, according to "Reputable Enterprises", a nationwide brand name survey conducted between December 2007 and February 2008
- In June 2007, *Kangbo's* and *Bingjie's* products are qualified as "**First Class Product**" and "**Excellent Products**" respectively by Fashion Quantity Supervision and Inspection Center of PRC (Shanghai) (國家服裝品質監督檢驗中心(上海)) and China Fashion Association Down Apparel and Products Committee





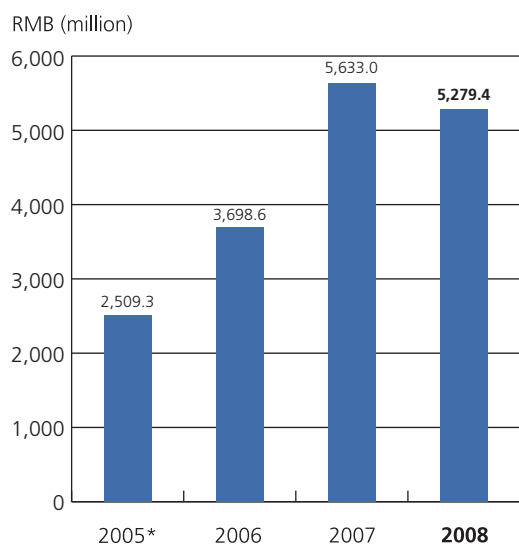
Financial Highlights

(All amounts in RMB thousands unless otherwise stated)

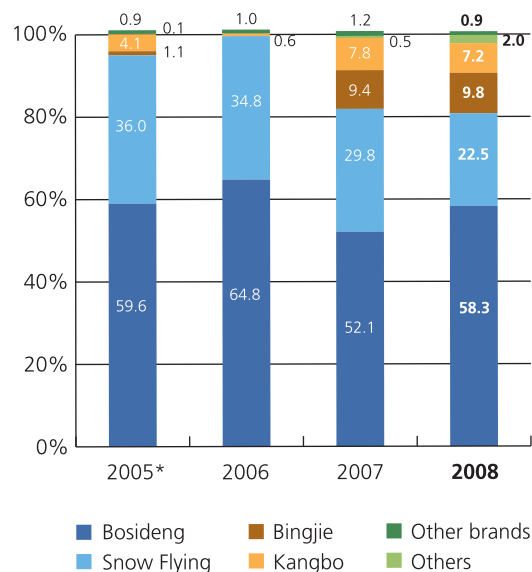
	Year ended March 31,			For the
	2008	2007	2006	10 months ended March 31, 2005
Revenue	5,279,416	5,632,967	3,698,641	2,509,297
Gross Profit	2,408,802	1,987,458	1,417,041	806,250
Profit from operations	1,163,748	854,920	764,129	433,038
Profit attributable to equity holders of the Company	1,116,937	617,593	500,786	252,579
Non-current assets	50,267	30,825	6,656	660,267
Current assets	7,851,204	3,123,799	1,492,698	1,550,100
Current liabilities	779,889	2,456,151	1,119,642	1,415,544
Net current assets	7,071,315	667,648	373,056	134,556
Total assets	7,901,471	3,154,624	1,499,354	2,210,367
Total assets less current liabilities	7,121,582	698,473	379,712	794,823
Total equity	7,088,582	571,284	379,712	794,823
Gross profit margin (%)	45.6	35.3	38.3	32.1
Operating margin (%)	22.0	15.2	20.7	17.3
Net profit margin (%)	21.2	11.0	13.5	10.1
Earnings per share — basic (RMB cents)	17	12	10	5
— diluted (RMB cents)	16	11	10	5

Financial Highlights *(continued)*

Revenue

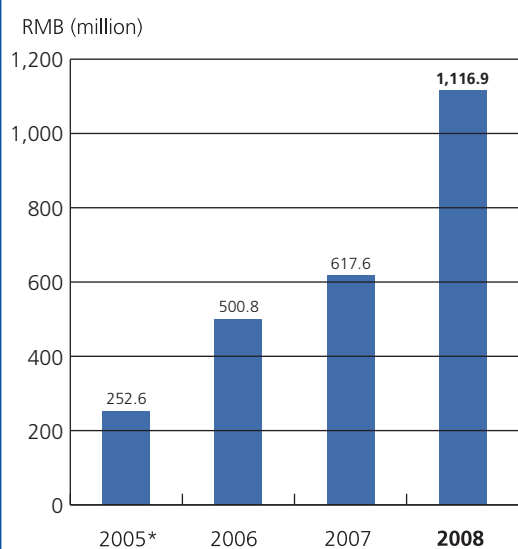


Down Apparel Revenue by Brand[#]

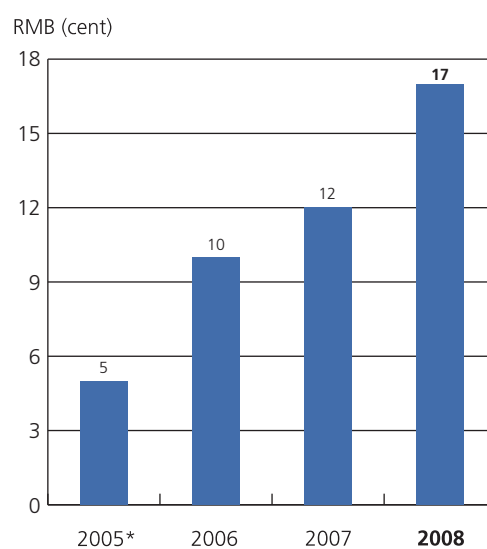


[#] Sales rebates are not deducted from the total down apparel revenue or from revenue of each brand. Sales rebates accounted for 1.8%, 1.2%, 0.8% and 0.7% of total down apparel revenue for the ten months ended March 31, 2005 and the years ended March 31, 2006, 2007 and 2008 respectively.

Profit attributable to equity holders



Basic earnings per share



* Refer to the 10-month period ended March 31, 2005

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Chairman's Statement

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Chairman's Statement

“ Dear shareholders,

The Group is pleased to present the first set of annual results for the year ended March 31, 2008, following its successful listing on the Main Board of the Stock Exchange of Hong Kong Limited (“Stock Exchange”) on October 11, 2007 (“Listing”). ”

bosideng



Market Review

Amidst vibrant economic growth and rising living standards, the demand for quality down apparel has been increasing in China. According to the “Survey Report of Selected Segments of China’s Consumable Market for 2007” (二零零七年中國消費品市場重點調查報告) commissioned by the China Industrial Information Issuing Centre (“CIIC”), China is now the world’s largest consumer of down apparel.

Mr. Gao Dekang
Chairman

Chairman's Statement *(continued)*

With respect to the development of China's down apparel market in 2007/08, it is worth noting that late arrival of the winter season put pressure on small down apparel companies to adopt price-cutting strategies to clear slow moving inventories left behind from the previous year. As a result, the average sales price saw a general decline while the market endured intensified competition. The Group believes that having gone through a period of consolidation, the market has absorbed a certain amount of outstanding inventories, thereby establishing a solid foundation for the future development of the PRC down apparel industry.

Down apparel today has evolved to become light and slim with trendy and fashionable designs that appeal to affluent consumers, who boast higher spending power. Down clothing is now worn well beyond winter into early spring and late autumn, significantly extending both the wearing and sales periods.

Business Review

During the period under review, the Group made further inroads to strengthen the differentiation of its brands and products to effectively raise the overall average selling price. The Group's market share increased further amid fierce competition, further solidifying Bosideng's dominant market position.

Rising Market Share

According to the report released by the CIIC for the year 2007, among the top 30 down apparel brands in the PRC, sales of the Group's four brands — *Bosideng*, *Snow Flying*, *Kangbo* and *Bingjie* ranked first, second, sixth and ninth, accounting for 25.9%, 9.4%, 2.9% and 1.7% of the market respectively. In total, the Group enjoyed 39.9% market share. *Bosideng* once again remained at the industry forefront for 13 consecutive years, while *Bingjie* emerged as one of China's top ten down apparel brands for the first time ever.

China's Top Down Apparel Brand

The Group's successful brand-building efforts have made Bosideng an highly acclaimed name nationwide. In September 2007, *Bosideng* boasted the honour of being the only apparel brand in the PRC awarded — "China's World Famous Brand" by the PRC General Administration of Quality Supervision, Inspection and Quarantine. This is a testament to its unique position as a representative of China's apparel industry. Bosideng was also ranked among the "Top Ten Brands" in China with other acclaimed names such as China Life, China Mobile and Pepsi Cola, according to "Reputable Enterprises", a nationwide brand name survey conducted between December 2007 and February 2008.

Highly Effective Marketing and Promotion

During the period under review, the Group launched a series of on-going marketing programmes to integrate trendy elements and aesthetic concepts into its down apparel. Comprehensive print advertising and electronic media programmes were launched under the theme — "A More Beautiful Winter". Among these campaigns, the Group's television commercials were broadcast in prime time slots on CCTV. Joint-collaborations were also formed with popular fashion magazines to promote the Group's portfolio of brands and products, putting *Bosideng* in greater focus in China's down apparel market.

The Group also actively took part in the China's major annual fashion industry event — 2008 China International Clothing and Accessory Fair ("CICA"), during which the Group presented, for the first time, a series of brand new, non-down and non-seasonal apparel pieces. This reflects astute strategic positioning to leverage our strength in down apparel, our core product, allowing us to extend to non-down apparel business. *Bosideng* also released its latest 2008/09 fall/winter cold-resistant apparel designs at the fair. On behalf of the China apparel industry, we were the only company to unveil to the world the latest trends in wintertime cold-resistant clothing for 12 consecutive years. This fully reflects the Group's leading position in the industry and its strong design capabilities.

Chairman's Statement *(continued)*

Snow Flying, another key brand of the Group, underwent brand re-positioning based on the concept — “Healthy, Energetic, Sporty and Leisurely”. This marque targets the younger generation with higher spending power. Brand-building efforts have been driven toward participation in major sporting events and the sponsorship of top national athletes to present *Snow Flying* as a premier sports down apparel brand.

Future Outlook and Strategies

The Group sees a host of opportunities and challenges in the coming years. Consumers' increasing preference for well-known brands with their inherent premier product quality cache and designs have sewn the seeds of opportunity for the Group's further business expansion.

The Group will also take active measures to further optimise the quality of its retail network by applying standardised modern interior decor and visual merchandising to enhance the overall store image.

We have established dedicated business and product development teams for non-down and non-seasonal apparel products to help support the development of our new business. A new product series will be launched in the second half of this fiscal year to mitigate the impact of the normal seasonality of the down apparel business.

In terms of marketing and promotion, the Group will work closely with external consultants to refine branding and marketing strategies for its existing down apparel and the upcoming non-down apparel businesses.

The Group is committed to bolstering its design and product development capabilities by fostering closer collaborations with domestic and internationally renowned research institutions to develop and apply new fabric materials. The Group will also continue to work with international designers to design new trendy products that increase its overall competitiveness. We also plan to establish a quality inspection centre to ensure that all Bosideng products maintain their top quality status.

To strengthen supply chain management, the Group is committed to increasing the coverage and analytical functions of its ERP system. To this end, a consultancy firm has been commissioned to review and provide advice on raising the standards of our logistics management capabilities.

The Group will continue to identify opportunities for mergers and acquisitions of premium brands that offer good development potential to broaden our product portfolio and to cater to the needs of an even wider group of customers.

Chairman's Statement *(continued)*

Acknowledgement

The Group's many achievements during the year are the result of dedicated efforts by all staff as well as customers' high regard for our products. I wish to take this opportunity to extend my heartfelt gratitude for the outstanding performance and dedication of all of our employees, and for the long-term support of our shareholders, customers and suppliers.

Gao Dekang

Chairman

July 18, 2008



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Management Discussion and Analysis

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Management Discussion and Analysis

Market Review

The PRC is the largest manufacturer, exporter and consumer of down apparel in the world and is a global centre for down resources. It produces over 60% of global down apparel items. With the PRC's booming economic growth and rising living standard, consumers are showing an increasing demand of high quality down apparel.

Nevertheless, owing to the late arrival of the winter season in 2007/08, regional down apparel players were under financial pressure to reduce their high stock levels carried forward from the previous warm winter and triggered a wave of price-cutting battles, thereby heating up competition.

The Group believes that this consolidation will be beneficial to the long-term development of the down apparel industry as small scale, loss-making industry players are forced to exit, and a considerable amount of market inventories from previous years has been cleared. These provide a solid base for the PRC down apparel industry to achieve positive growth in the coming years.

Business Review

Maintenance of market leadership and high profitability

Despite the challenging operating environment, the Group continued to remain at the industry forefront, which has enabled it to increase market share and achieve high profitability. Facing severe price competition, the Group has leveraged its strong brand equity and design capability and placed an emphasis on boosting profitability rather than driving sheer volume growth. To this end, the Group has embarked on a differentiation strategy to distinguish its products from rivals with the offering of an optimised product mix with unique design.

All these initiatives produced noteworthy results for the year under review. *Bosideng* has been the leading down apparel brand in the PRC based on sales for 13 consecutive years since 1995, according to the China Industrial Information Issuing Centre ("CIIC") and the National Bureau of Statistics of China in terms of sales. According to CIIC's report issued in 2006 and 2007, amongst the top 30 down apparel brands, the market share of Bosideng's portfolio of brands, including *Bosideng*, *Snow Flying*, *Kangbo* and *Bingjie*, acquired an aggregate market share of 39.9% in China for the year 2007, as compared to 36.1% market share in 2006 held by *Bosideng*, *Snow Flying* and *Kangbo*. *Bosideng* alone accounted for 25.9% market share in 2007. Encouragingly, the *Bingjie* brand ranked ninth overall in 2007, emerging as one of China's top ten down apparel brands for the first time ever.

Management Discussion and Analysis (continued)

Effective brand management and marketing

The launch of products with trendy designs has been supported by eye-catching marketing programmes to attract the high-end customers. During the year under review, the Group has worked hand-in-hand with international advertising agencies on a brand rejuvenating strategy and innovative programmes for *Bosideng*. By adopting the theme "A More Beautiful Winter", the Group successfully associated its down apparel with a touch of fashion and beauty. On-going brand-building initiatives cover integrated marketing programmes and comprehensive print advertising in popular fashion magazines.



As the industry leader and trendsetter, the Group released the latest 2008/09 fall/winter cold-resistant apparel designs at the "2008 China International Clothing and Accessories Fair" in March 2008. This is the annual grand event for major players in the apparel and fashion industry to showcase new down apparel fashion trends and design concepts. Bosideng, on behalf of China apparel industry, was the only company to unveil to the world the trends in winter cold-resistant clothing for the 12 consecutive years. The introduction of these clothing presented a chic and modern image embodying the trendy and leisure style of *Bosideng*, and has garnered high praise from industry peers and the public.

During the year under review, the Group strategically repositioned *Snow Flying*, the second largest revenue contributor of the Group, as a premier sports down apparel brand to differentiate it from *Bosideng*. *Snow Flying* targets customers who go for an energetic lifestyle and the Group has implemented all-rounded marketing and promotion campaigns, participated in sports activities and sponsored sports events while *Kangbo* and *Bingjie* target the mid-end mass market.



Management Discussion and Analysis (continued)

Enhanced product mix with unrivalled product research, design and development

The Group believes that strengthening and enriching its product design without compromising the functional features of its down apparel are crucial to its long-term success. To enhance product competitiveness, the Group's design focus has been increasingly transforming from sheer functional apparel to value-added fashionable clothing that integrates colourful designs, new fabrics and trendy styles. The broadened range of products has optimised the Group's product portfolio and appealed to consumers of different age groups and with varying tastes.

In line with its strategy of broadening its product offering, the Group has committed resources to enhance its product mix with the addition of versatile light-weight items that are wearable in late autumn and early spring.

To further strengthen its design capability, the Group collaborated with designers in France and Korea to obtain first-hand information on the latest international trends. The Group's product design team also regularly conducts research and stays abreast of the latest fashion trends. This is done by participating in various trade exhibitions and by closely analysing sales performance data to identify customer needs.

With respect to product quality, the Group incorporated innovative fabrics and materials that are odourless, offer anti-bacterial protection, and are both water-and stain-repellent for a selected range of down apparel items.

In terms of new product development, the Group presented a brand new non-down and non-seasonal apparel product line under the *Bosideng* brand. These new products were presented at the "2008 China International Clothing and Accessories Fair" held in March 2008.



Extensive sales and distribution network

The Group's products are distributed through an extensive retail distribution network across the PRC. The Group is continually and actively taking steps to maintain its network expansion at a reasonable pace and to enhance the quality of its distribution network. New outlets were added in modern department stores or at prime locations during the year under review. At the same time, distributors that did not conform to the Group's standards or retail stores showing weak performance were eliminated or relocated to better locations.



Notes: As at March 31, 2008
Figures in bracket denote change as compared to March 31, 2007

Management Discussion and Analysis (continued)

Retail network composition by outlet type

Store types	As at March 31,		Change
	2008	2007	
Specialty stores			
— Operated by the Group	3	3	—
— Operated/Supervised by third party distributors	5,057	4,956	+101
	5,060	4,959	+101
Concessionary retail outlets			
— Operated by the Group	1,110	1,018	+92
— Operated/Supervised by third party distributors	947	867	+80
	2,057	1,885	+172
Total	7,117	6,844	+273

Retail network composition by geographical location

Sales regions	As at March 31,		Change
	2008	2007	
Shandong Province	771	749	+22
Eastern China	1,230	1,194	+36
South Eastern China	684	666	+18
Central China	1,426	1,381	+45
Northern China	802	768	+34
North Eastern China	858	832	+26
North Western China	1,346	1,254	+92
Total	7,117	6,844	+273

Efficient supply chain management

The Group continued to exercise stringent control at every step of the supply chain and effectively managed its product quality with a competitive cost structure. To strengthen its network management capability and shorten lead times to replenish products at the retail level, the Group implemented an enhancement programme to upgrade its ERP system and to extend the coverage to a greater number of outlets in the year under review. This facilitates more timely access to key operational data and allows quicker responses to market changes.

Management Discussion and Analysis (continued)

Financial Review

Revenue

The Group's revenue for the year ended March 31, 2008 decreased by 6.3% year-on-year to RMB5,279.4 million. This is mainly due to the Group's strategy of maintaining profitability and enhancing long-term competitiveness through brand and product differentiation. While its industry rivals focused on driving volume growth through aggressive price cutting measures to liquidate stocks, the Group maintained its average selling price, and thus profitability, at a stable level with the launch of new value-added products. As a result, sales of the Group's branded down apparel declined by 6.6% year-on-year to RMB4,654.3 million, while revenue from OEM management operations also posted a 4.2% decrease due to the appreciation of Renminbi against the US Dollars. These two businesses accounted for 88.2% and 11.8% of the Group's revenue respectively.

A revenue analysis of down apparel sales by brand is set out below:

Revenue analysis by branded down apparel

Brands	Year ended March 31,			
	2008 (RMB million)	% of total down apparel revenue	2007 (RMB million)	% of total down apparel revenue
Bosideng	2,714.6	58.3%	2,594.2	52.1%
Snow Flying	1,047.8	22.5%	1,486.2	29.8%
Bingjie	456.0	9.8%	470.0	9.4%
Kangbo	333.1	7.2%	386.3	7.8%
Other brands	92.5	2.0%	24.2	0.5%
Others	44.2	0.9%	61.5	1.2%
Sub-total	4,688.2	100.7%	5,022.4	100.8%
Sales rebates	(33.9)	(0.7%)	(41.8)	(0.8%)
Total down apparel revenue	4,654.3	100.0%	4,980.6	100.0%

To avoid inter-brand competition and cross-cannibalisation, the Group, as a multi-brand owner, underwent a strategic repositioning of its brand portfolio. In particular a clear differentiation was made between the Group's two largest revenue contributors, *Bosideng* and *Snow Flying*. While *Bosideng* remained as a high-end brand targeting consumers with stronger spending power who sought trendy and fashionable designs, *Snow Flying* was repositioned as a sporty-design down apparel brand that appealed to a group of customers who embrace energetic lifestyles. As a result of such brand repositioning strategy, *Bosideng* sales posted a 4.6% growth to RMB2,714.6 million, accounting for 58.3% of the Group's down apparel sales, versus a 29.5% decline in sales of the *Snow Flying* products to RMB1,047.8 million. The latter accounted for 22.5% of the Group's down apparel sales, as compared to 29.8% in the previous year.

Management Discussion and Analysis *(continued)*

Kangbo and *Bingjie* offer colourful, youthful down apparel lines for mainly men and ladies respectively, and target a group of younger customers. Facing head-on price competition from other low-price products, *Kangbo* and *Bingjie* recorded revenues of RMB333.1 million and RMB456.0 million, which represented a decline of 13.8% and 3.0% respectively.

A breakdown of the revenue by sales methods is set out below:

Revenue analysis by sales methods

	Year ended March 31,			
	2008		2007	
	(RMB million)	% of total revenue	(RMB million)	% of total revenue
Branded down apparel				
• Outright sales	3,327.8	63.1%	3,487.2	61.9%
• Consignment sales	1,282.3	24.3%	1,431.9	25.4%
• Others*	44.2	0.8%	61.5	1.1%
Total down apparel revenue	4,654.3	88.2%	4,980.6	88.4%
OEM management	625.1	11.8%	652.4	11.6%
Total revenue	5,279.4	100%	5,633.0	100%

* Represents sales primarily of raw materials related to down products

A majority of the Group's products were sold through outright sales, which accounted for 71.5% of the Group's branded down apparel revenue, as compared to 70.0% in the previous year.

Cost of sales and gross profit

The Group's cost of sales as a percentage of revenue decreased considerably from 64.7% in the previous year to 54.4% this year. This is mainly attributable to stringent cost control measures and the benefits of a decline in down material prices.

With a further 5.3% growth in average selling price of down apparel, the Group's overall gross profit margin, therefore, expanded by 10.3% points to 45.6% during the year under review.

Cost of sales included the cost of branded down apparel as well as the cost of OEM management operations, accounting for 82.0% and 18.0% of the Group's total cost of sales respectively, compared to 84.9% and 15.1% during the previous year.

Management Discussion and Analysis *(continued)*

Operating expenses

The Group's operating expenses, which mainly comprise distribution and administration expenses, accounted for 24.8% of the Group's revenue, compared to 20.9% in the previous year.

Notwithstanding the difficult competitive landscape, the Group exercised stringent cost control measures to ensure profitability and long-term competitiveness. The Group's distribution costs amounted to approximately RMB1,106.6 million, representing a slight increase of 1.4% from last year's comparative and 21.0% of the Group's revenue. Advertising and promotion expenses of the year under review stayed at 10.5% of the Group's revenue, as compared to 10.2% in the previous year.

The administrative expenses of the Group, which mainly include salary and welfare outlays as well as travel and office expenses, amounted to RMB202.3 million, representing an increase of 136.0% from last year's comparative and 3.8% of the Group's revenue for the year under review. The increase was mainly due to increases in salaries and staff-related costs arising from increased staff headcounts in the management team and the introduction of share-based incentive scheme, increase in the provision for bad and doubtful debts and general office expenses in relation to the preparation of Listing.

Operating profit

During the year under review, the Group's operating profit rose 36.1% to RMB1,163.7 million. Operating profit margin was 22.0%, an increase of 6.9 percentage points as compared to that of the previous year.

Finance costs and taxation

The Group's finance costs for the year under review increased by 123.0% to RMB77.3 million due to loans and bank borrowings raised for daily operations and the settlement of related party balances. Net finance expenses, after deducting interest income which was mainly generated from proceeds from Listing, amounted to RMB15.5 million as compared to RMB30.7 million in the previous year.

For the year ended March 31, 2008, income tax expenses amounted to RMB31.3 million, representing a sharp decrease of RMB178.8 million. Four principal operating subsidiaries in the PRC, being foreign investment enterprises, started to be entitled to a tax-free period for two years from January 1, 2007, followed by a further 3-year tax exemption of 50% of the applicable tax rate. Therefore, a substantial portion of the Group's profit was exempt from tax during the year under review.

Final and Special Dividends

The Board has recommended the payment of a final dividend of RMB6.0 cents per ordinary share for the year ended March 31, 2008. In addition, in consideration of the outstanding results for the financial year ended March 31, 2008 and to offer a higher reward to the shareholders, the Board has recommended the payment of a special dividend of RMB2.8 cents per ordinary share in addition to its historical rate of dividend payout. The proposed dividend payments are subject to approval by the shareholders of the Company at the annual general meeting to be held on or around September 26, 2008 and are payable in Hong Kong Dollars based on the official exchange rate of Renminbi against Hong Kong Dollars as quoted by the People's Bank of China on July 18, 2008. Upon shareholders' approval, the proposed final and special dividends will be paid on or around October 10, 2008 to shareholders whose names shall appear on the register of members of the Company on September 26, 2008.

Management Discussion and Analysis *(continued)*

Liquidity and financial resources

The Group adopted prudent funding and treasury management policies while maintaining a healthy overall financial position. The Group's source of funding was mainly from the proceeds of its initial public offering ("IPO proceeds") and short-term bank borrowings.

For the year ended March 31, 2008, the Group's net cash used in operating activities amounted to RMB194.9 million, as compared to a net cash inflow of RMB65.5 million during the same period in 2007. In order to gain early settlement discounts and to lock in raw material prices to ensure a stable supply at relatively low costs, the Group sped up the pace of settling trade payables.

Net cash generated from financing activities for the year ended March 31, 2008 increased to RMB5,202.7 million from RMB226.4 million in the previous year, primarily as a result of IPO proceeds of RMB6,012.0 million as well as the settlement of advances by related parties before the Listing. Cash and cash equivalents as at March 31, 2008 was in the amount of RMB4,686.2 million, as compared to RMB507.8 million as at March 31, 2007. As at March 31, 2008, the Group also invested IPO proceeds in yield enhancement products amounting to RMB612.0 million.

As at March 31, 2008, the Group's total loans and bank borrowings decreased to RMB60.0 million from RMB635.9 million as at March 31, 2007. The decrease relates mainly to the settlement of related party balances and bank borrowings. As at March 31, 2008, the gearing ratio (total loans and bank borrowings/total equity) of the Group was 0.8%, representing a considerable improvement from 1.1 times as at March 31, 2007.

Contingent liabilities

As at March 31, 2008, the Group had no material contingent liabilities or commitments.

Pledge of assets

As at March 31, 2008, bank deposits amounting to approximately RMB2.6 million had been pledged to secure the Group's banking facilities.

Financial management and treasury policy

The financial risk management of the Group is the responsibility of the Group's treasury function at our head office. One of the major objectives of the Group's treasury policies is to manage its exposure to fluctuations in interest rates and foreign currency exchange rates.

Foreign currency exposure

The business operations of the Group were conducted mainly in the PRC with revenues and expenses denominated in RMB. Some of the Group's cash and bank deposits, including IPO proceeds, were denominated in Hong Kong Dollars or US Dollars. Any significant exchange rate fluctuations of Hong Kong Dollars or US Dollars against Renminbi may have a financial impact to the Group.

As at March 31, 2008, the Directors of the Company considered the Group's foreign exchange risk to be insignificant.

During the year under review, the Group did not use any financial instruments for hedging purposes. However, the Group will continue to monitor the exposure of IPO proceeds to foreign exchange fluctuations.

Management Discussion and Analysis (continued)

Human Resources

As at March 31, 2008, the Group had approximately 1,437 full-time employees (March 31, 2007: 1,034 full-time employees). Staff costs for the year ended March 31, 2008 (including Directors' remuneration in the form of salaries and other allowances) totalled RMB144.9 million (2007: RMB86.7 million). This increase was mainly due to a share-based compensation scheme and expansion of the distribution network. The Group's salary and bonus policy is determined primarily by the performance and work experience of each individual employee based on prevailing market conditions.

To attract and retain skilled and experienced personnel and to motivate them to strive for the future development and expansion of business, the Group offers a share scheme as well as a share option scheme ("Share Option Scheme").

As at March 31, 2008, there have not been any share options granted under the Share Option Scheme.

Business Outlook

Going forward, the Group holds a positive outlook. Diminishing competitiveness and profitability of small regional down apparel players have been seen after a year of keen competition. Certain players of smaller scales have been forced out of the market. This puts market leaders with strong brand equity in an advantageous position to benefit from market consolidation. The Group's primary goal is to further strengthen its leading position in the PRC down apparel industry and leverage its strong *Bosideng* brand as well as extensive business and distribution network to expand into the non-down apparel sector. The Group further capitalises on the rising demand for down apparel by introducing a diverse range of products under a portfolio of brands that cater to the needs of different market segments, while selectively diversifying into new product offerings and new markets.



Management Discussion and Analysis *(continued)*

The Group is poised to achieve these goals through a business strategy that contains the following key aspects:

Strengthening and expanding retail distribution network of down apparel products

The Group will further strengthen its retail network by enhancing the quality of its existing point of sales, adding new concessionary stores at modern mid- to high-end department stores and establishing new self-operated retail stores in tier-one cities, provincial capitals, and other main urban areas for brand building purposes. The Group also plans to further enhance its overall store image through the use of standardised modern interior décor and visual merchandising as well as the further upgrading of the ERP system for the collection and analysis of sales data.

Launch of non-down apparel product lines in the pipeline

To complement its existing product portfolio, the Group has established a separate business and product development teams for non-down apparel products. A product preview was presented in March 2008 in Beijing which garnered positive feedback. The new product series will be launched in the second half of this fiscal year, enabling the Group to leverage its strong brand equity to ease the seasonality issue of the down apparel business. Establishment of designated retail point of sales for this new product line is also underway.

Strengthening brand differentiation, brand loyalty and reputation through targeted marketing efforts

The Group will continue to periodically review its branding strategies and monitor their effectiveness. It will work closely with external consultants to define a unique branding and marketing strategy to maximise the benefits to the existing down apparel as well as non-down apparel businesses in the pipeline. The ultimate goal is to bolster the brand equity and extend the influence of the Bosideng brand to other segments in the apparel sector.

To penetrate different market segments ahead of other industry players, the Group will continue advertising on prime television channels, renowned publications and magazines and appear in strategic outdoor venues with high pedestrian flow. It will also continue to sponsor sports and promotional events when suitable opportunities arise and maintain market visibility through fashion shows and trade fairs.

Bolstering the product research, design and development capabilities

The Group will continue to expand and strengthen its research, design and development team while fostering closer collaboration with domestic and internationally renowned research institutions to develop and apply new fabric materials to strengthen product competitiveness. The Group also plans to establish a quality inspection centre to strengthen its products competitiveness.

Management Discussion and Analysis *(continued)*

Enhancing supply chain management and logistics management

The Group plans to further upgrade its management information system in various phases, enhance the coverage and analytical functions of its ERP system and generally extend the operational scope to both upstream and downstream segments of the supply chain within three years. These system upgrades will provide the Group with a comprehensive assessment of the performance of its entire supply chain to expedite its response to market changes. The Group also intends to establish a quality inspection centre to ensure its adherence to quality control standards at every stage of the supply chain.

To facilitate swift response to market changes and timely replenishment of stocks, the Group will also upgrade its logistics management by realigning resources from existing management teams. A consultancy firm has been commissioned to review the current inventory management and logistics arrangement so as to offer solutions on future enhancements in this respect.

Explore expansion opportunities through mergers and acquisitions

Leveraging its wealth of experience in the down apparel sector and in-depth market understanding, as well as an extensive retail network in the PRC market, the Group will continue to identify appropriate opportunities for mergers and acquisitions of premium and renowned apparel brands that offer good development potential for brand expansion and a broadened product portfolio.



DOWN



CORPORATE GOVERNANCE REPORT

APPAREL PRODUCTS





Corporate Governance Report

The Code on Corporate Governance Practices

The Company is dedicated to maintaining and ensuring high standards of corporate governance practices. The corporate governance principles of the Company emphasize accountability and transparency and are adopted in the best interest of the Company and its shareholders. The Board reviews its corporate governance practices from time to time in order to meet the rising expectations of shareholders and to fulfill its commitment to excellence in corporate governance.

The Group has complied with the applicable code provisions set out in the Code of Corporate Governance Practices (the "Code") contained in Appendix 14 to the Rules Governing the Listing of Securities on The Stock Exchange of Hong Kong Limited ("Listing Rules") for the period from the Listing Date to March 31, 2008 except for Code Provision A.2.1, of which details are disclosed below.

Board of Directors

The Board is charged with providing effective and responsible leadership for the Company. The Board takes responsibility to oversee all major matters of the Company, including the formulation and approval of the Group's overall objectives and strategies, internal control and risk management systems, monitoring its operating and financial performance, and evaluating the performance of the senior management. The Directors, individually and collectively, have to make decisions objectively in the best interests of the Company and its shareholders.

The Board currently consists of eleven Directors, of whom six are executive Directors, one is a non-executive Director and four are independent non-executive Directors. All six executive Directors are responsible for implementing the business strategies and managing the business of the Group in accordance with all applicable rules and regulations, including, but not limited to, the Listing Rules. All Directors (including the non-executive Director and independent non-executive Directors) have been consulted on all major and material matters of the Group. The Company maintains appropriate directors' and officers' liabilities insurance.

The role of the Board includes convening Shareholders' meetings and reporting their work to the Shareholders' meetings, implementing the resolutions of the Shareholders' meetings, determining the Group's business plans and investment plans, formulating the Group's annual budget and final accounts, formulating proposals for dividend and bonus distributions and for the increase or reduction of registered capital, formulating proposals for share repurchase in accordance with any repurchase mandate granted by the Shareholders' meeting as well as exercising other powers, functions and duties as conferred by the Articles of Association of the Company. In discharging its responsibilities, the Board meets regularly and acts in good faith, with due diligence and care.

Corporate Governance Report *(continued)*

During the period from the Listing Date to the date of this report, the Board convened a total of six Board meetings based on the need of the operation and business development of the Group. The composition of the Board and their respective attendance at the Board meetings and other committee meetings convened up to the date of this report are as follows:

	No. of meetings attended/held	
	Board Meeting	Audit Committee Meeting
Executive Director		
Gao Dekang (<i>Chairman</i>)	6/6	N/A
Mei Dong	6/6	N/A
Gao Miaoqin	6/6	N/A
Kong Shengyuan	6/6	N/A
Huang Qiaolian	6/6	N/A
Wang Yunlei	6/6	N/A
Non-Executive Directors		
Shen Jingwu	6/6	N/A
Independent Non-Executive Directors		
Dong Binggen	4/6	2/2
Jiang Hengjie	4/6	2/2
Wang Yao	6/6	N/A
Ngai Wai Fung	6/6	2/2

The number of independent non-executive Directors has met the requirements under the Listing Rules and Mr. Ngai Wai Fung has appropriate accounting professional qualifications. The independent non-executive Directors bring a variety of experience and expertise to the Company. Each of the independent non-executive Director has confirmed in writing of his independence pursuant to Rule 3.13 of the Listing Rules.

All the appointments of non-executive Director and independent non-executive Directors may be terminated by the Company at any time and subject to retirement by rotation and re-election at the annual general meeting of the Company in accordance with the articles of association of the Company. The Directors are of the view that all independent non-executive Directors meet the independence guidelines set out in Rule 3.13 of the Listing Rules.

Minutes of the Board meetings are being kept by the company secretary of the Company and are available for inspection by the Directors and auditors of the Company.

The Roles of the Chairman and Chief Executive Officer

The Directors confirm that as at March 31, 2008, the Company has adopted the Code, except for Code provision A.2.1, which provides that the roles of chairman and chief executive officer (“CEO”) should be separate and should not be performed by the same individual. The Board will also continue to review and monitor the practices of the Company for the purpose of complying with the Code and maintaining a high standard of corporate governance practices of the Company.

Corporate Governance Report *(continued)*

Mr. Gao Dekang is the Chairman and CEO of the Company and the founder of the Group. The Board believes that it is necessary to vest the roles of Chairman and CEO in the same person due to its unique role, Mr. Gao Dekang's experience and established market reputation in China's down apparel industry, and the importance of Mr. Gao Dekang in the strategic development of the Company. This dual role provides strong and consistent market leadership and is critical for efficient business planning and decisions of the Company. As all major decisions are made in consultation with members of the Board and the relevant Board committees, and there are four independent non-executive directors on the Board offering independent perspectives, the Board is therefore of the view that there are adequate safeguards in place to ensure sufficient balance of powers within the Board.

Model Code for Directors' Securities Transactions

The Company has adopted the Model Code for Directors' Securities Transactions (the "Model Code") as set out in Appendix 10 of the Listing Rules as its code of conduct regarding directors' securities transactions. Directors are reminded of their obligations under the Model Code on a regular basis. Following specific enquiry by the Company, all Directors have confirmed that they have complied with the required standard set out in the Model Code throughout the year ended March 31, 2008 and up to the date of this report.

Audit Committee

An audit committee was established on September 15, 2007 with written terms of reference pursuant to Rule 3.21 of the Listing Rules and paragraph C3 of the Code. The primary duties of the audit committee are to review and supervise the financial reporting process and internal control system, nominate and monitor external auditors, and perform other duties and responsibilities as assigned by the Board. The audit committee consists of three independent non-executive directors, namely, Mr. Ngai Wai Fung (Chairman), Mr. Dong Binggen and Mr. Jiang Hengjie. The Group's final results for the year ended March 31, 2008 have been reviewed by the members of the Audit Committee before submission to the Board for approval.

Major work performed by the audit committee during the year is summarized as follows:

- review of and recommendation for the Board's approval of the 2007/2008 annual report, interim financial information and annual financial statements with a focus on compliance with accounting standards, the Listing Rules and other requirements in relation to financial reporting;
- review of the accounting policies adopted by the Group and issues related to accounting practice;
- review of the nature and scope of audit;
- discussion with the external auditor and the management on possible accounting risks;
- assisting the Board to evaluate on the effectiveness of financial reporting procedure and internal control system;
- approval of the audit fees and terms of engagement of the external auditor; and
- review of the external auditor's qualifications, independence and performance, and recommendation for the Board's re-appointment of the external auditor.

During the meetings, the audit committee has considered the interim and annual results of the Group as well as the report prepared by the external auditor relating to accounting matters and other major findings identified during the course of interim review and annual audit. All members of the audit committee attended the meetings.

Remuneration Committee

The Company established the remuneration committee on September 15, 2007 with written terms of reference pursuant to paragraph B1 of the Code. The primary functions of the remuneration committee are to evaluate the performance and make recommendations on the remuneration packages of the directors and senior management, and evaluate and make recommendations on the retirement scheme, performance assessment system and bonus and commission policies. The remuneration committee consists of five members, comprising three independent non-executive directors, one non-executive director and one executive director (namely Mr. Gao Dekang (Chairman), Mr. Shen Jingwu, Mr. Dong Binggen, Mr. Jiang Hengjie and Mr. Wang Yao).

Since the remuneration committee was established on September 15, 2007, no meeting was held by the remuneration committee since the Listing of the Company to the date of this report.

Nomination Committee

The nomination committee of the Company has been established by the Company on September 15, 2007 with written terms of reference pursuant to paragraph A.4.5 of the Code. The primary functions of the nomination committee are to make recommendations to the Board regarding candidates to fill vacancies on the Board. The nomination committee consists of three members, comprising two independent non-executive Directors and one executive director (namely Mr. Gao Dekang (Chairman), Mr. Dong Binggen and Mr. Jiang Hengjie).

Since the nomination committee was established on September 15, 2007 and there was no change to the composition of the board since the Listing Date, no meeting was held by the nomination committee up to the date of this report.

Appointments, Re-election and Removal of Directors

Each of the executive Directors of the Company has entered into a service contract with the Company, and each of the non-executive Director and independent non-executive Directors of the Company has entered into an appointment letter with the Company, on September 15, 2007, for a term of three years. Such term is subject to his re-appointment by the Company at an annual general meeting upon retirement. The Articles of Association of the Company provide that any Director appointed by the Board, either to fill a casual vacancy in the Board or as an addition to the existing Board, shall hold office only until the next following annual general meeting of the Company and shall then be eligible for re-election.

Internal Control

The Board has overall responsibility for maintaining a sound and effective internal control system of the Group. The Company has conducted a review of its system of internal control periodically to ensure the effective and adequate internal control system. The Company convened meetings with the audit committee periodically to discuss financial, operational and risk management control. The Directors are of the view that the existing system of internal control is effective and adequate to the Group.

Management Function

The Company's Articles of Association set out matters which are specifically reserved to the Board for its decision. The management team meets together regularly to review and discuss with executive Directors on daily operational issues, financial and operating performance as well as to monitor and ensure the management is carrying out the directions and strategies set by the Board properly.

Directors' and Auditors' Responsibility for the Financial Statements

The Directors acknowledge that it is their responsibility to oversee the preparation of the financial statements for each financial period which give a true and fair view of the state of affairs of the Group, and of results and cash flow for the year.

In preparing the financial statements for the year ended March 31, 2008, the Directors have selected suitable accounting policies and applied them consistently, adopted appropriate International Financial Reporting Standards, and made prudent and reasonable judgments and estimates, and have prepared the financial statements on the going concern basis. The Directors also warrant that the Group's financial statements will be published in a timely manner.

The statement of the auditors of the Group about their reporting responsibilities on the financial statements of the Group is set out in the section headed "Independent Auditors' Report" on page 52 of this report.

Auditors' Remuneration

During the year, the remuneration charged by the Company's external auditors, KPMG, for statutory audit and non-audit services is set out below:

	RMB' million
Statutory audit	4.5
Initial public offerings	14.6
Review of interim results	1.5
	<hr/>
	20.6

The audit committee is responsible for making recommendations to the Board as to the appointment, re-appointment and removal of the external auditors, which is subject to the approval by the Board of Directors and at the general meetings of the Company by its shareholders.

Certain factors the audit committee will take account of when assessing the external auditors include the audit performance, quality and objectivity and independence of the auditors.

Investor and Shareholder and Relations

In the light of the good faith principle, the Company strictly complies with and implements the Listing Rules to disclose discloseable information on a true, accurate, complete and timely basis and all other information that might have significant impact on the decisions of shareholders and other concerned parties in an active and timely manner. Also, the Company takes effort in ensuring all shareholders with equal access to information. As such, the Company has honestly performed its statutory obligation in respect of information disclosure.

The management believes that effective communication with the investment community is essential. Since the listing of the Company in October 2007, the Executive Directors and the Chief Financial Officer held regular briefings and results presentation, attended investor forums and investors' call-in enquiries, arranged shop visits and participated in roadshows with institutional investors and financial analysts in the PRC, Hong Kong and overseas countries to keep them abreast of the Company's business and development as well as operating strategies and prospects. In delivering information to investors, the Company also listens to their advice and collects the feedback from them, in the interests of form an interactive and mutual beneficial relation with the Company's investors.



Directors and Senior Management

Executive Directors

Mr. Gao Dekang, aged 56, is the Chairman and Chief Executive Officer. He is the founder and is responsible for the strategic development and overall management of the Group. He has over 20 years' experience in the down apparel industry. He has also assumed leadership in various associations, such as the China Garment Association (as Vice President since 2004) and the Down Apparel and Related Products Committee of China National Garment Association (as First Deputy Director since 2006). He has been awarded numerous prizes and honors. In January 2007, he was named as an Economic Figure of Year 2006 by China Central Television, an Innovation Figure in the Chinese textile industry by China National Textile and Apparel Council and a Figure of Leading Brands for Year 2006 by China Brand Union Association. In June 2007, he was awarded as China's Top Ten Pioneer Entrepreneurs (中國十大創業領袖) by the "Contemporary Manager" magazine. He is a senior economist and a senior engineer. He received an EMBA degree (majoring in Business Administration) from Phoenix International University in 2002. He is the spouse of Ms. Mei Dong (a Controlling Shareholder and Director), father of Mr. Gao Xiaodong (a Controlling Shareholder), and cousin of Ms. Gao Miaoqin (a Director).

Ms. Mei Dong, aged 40, is responsible for sales and marketing of the Group. She has over ten years' experience in the down apparel industry. She joined Bosideng Corporation Limited by Shares ("Bosideng Corporation"), a company controlled by Mr. Gao Dekang in June 1994. In 2006, she was named as a National Model Worker in the textile industry by the National Textile Industry Association. She received an EMBA degree (majoring in Business Administration) from Phoenix International University in 2002. She is the spouse of Mr. Gao Dekang (a Controlling Shareholder and Director), and mother of Mr. Gao Xiaodong (a Controlling Shareholder). She is also a shareholder and director of Kong Bo Development (a Controlling Shareholder).

Ms. Gao Miaoqin, aged 57, is responsible for the overall administrative management and coordination of the Group's operations. She has over ten years' experience in the down apparel industry. She joined Bosideng Corporation in June 1994. In 2007, she won the title of Meritorious Contributor to the Construction of Dezhou Economic Development Zone. In March 2008, she won the title of "Outstanding Person for Listing Work 2006/2007" awarded by the Suzhou Municipal Government. She received a certificate of advanced English education for middle school English teachers from Suzhou University of China in 1985. She is the cousin of Mr. Gao Dekang (a Controlling Shareholder and Director), and aunt of Mr. Gao Xiaodong (a Controlling Shareholder).

Dr. Kong Shengyuan, aged 45, is responsible for the supervision and planning of the investment and finance of the Group. He joined Bosideng Corporation in March 2004. He received a Master's Degree from the China University of Mining and Technology in 1987 and a Doctor's Degree from the Renmin University of China in 1997. He is a senior economist.

Ms. Huang Qiaolian, aged 43, is the chief designer and is in charge of designing the Group's branded down apparel products. She has over 20 years' experience in the fashion industry. She joined Bosideng Corporation in 1997. She has been awarded numerous prizes in fashion design. She received a diploma from East China Normal University in Shanghai in 2006. She is also popularly known as Ms. Zhu Lin in the down apparels industry in the PRC.

Ms. Wang Yunlei, aged 28, assists Mr. Gao Dekang in the overall management of the Group. She joined Shanghai Bingjie Fashion Co., Ltd., a member of the Group in 2005. She received a college certificate in Accounting from Shanghai Donghua University in 2001, a Bachelor of Arts degree in Business Administration from Upper Iowa University in the United States in 2004 and a Master's Degree in Business Administration from the New York Institute of Technology in 2004.

Non-executive Director

Mr. Shen Jingwu, aged 39, was first appointed as a non-executive Director of the Company in September 2006. Mr. Shen joined HSBC Private Equity (Asia) Limited ("HPEA") in 2005 and is currently a Director and Head of Greater China of HPEA. He received an MBA degree from Stanford University with a specialization in strategy and venture capital investments in 1997, and a Bachelor of Science degree in Economics from the Wharton School, University of Pennsylvania, graduating summa cum laude. He is registered as a Licensed Representative of HPEA with the SFC in Hong Kong.

Directors and Senior Management *(continued)*

Independent Non-executive Directors

Mr. Dong Binggen, aged 58, senior engineer, was appointed as an independent non-executive Director of the Company in September 2007. He graduated from Eastern China Textile Institute (now Donghua University) with a Bachelor of Arts degree in 1977. From February 1997 to present, he has worked with Hualian Development Group Co., Ltd. as Chairman and Chief Executive Officer. He is also concurrently Vice Chairman of the China Textile Entrepreneur Association, Vice Chairman of the China Garment Association, Managing Director of the China National Textile and Apparel Council, Chairman of the Shenzhen Textile Industry Association, President of the Shenzhen Textile Engineering Association and Vice Chairman of the Shenzhen Entrepreneur Association. He is currently a director of Union Holdings, a PRC company listed on the Shenzhen Stock Exchange (000036).

Mr. Jiang Hengjie, aged 57, senior engineer, was appointed as an independent non-executive Director of the Company in September 2007. He is the First Vice President and Legal Representative of the China Garment Association, Chairman of the National Garment Standardization Technology Committee, Managing Director of the China Textile Engineering Society as well as a visiting professor at the Art College of Tsinghua University, Suzhou University, Jiangxi Institute of Clothing Technology and Beijing Institute of Clothing Technology. He received a B.A. degree in sericulture from Suzhou Silk Engineering Institute in 1975. Currently, he is a director of SGSB Group Co., Ltd. (600843), an independent director of Ningbo Shanshan Co., Ltd. (600884) and Younger Group Co., Ltd. (600177), all of the companies are listed on the Shanghai Stock Exchange.

Mr. Wang Yao, aged 50, was appointed as an independent non-executive Director of the Company in September 2007. He now serves as Deputy Secretary and concurrently Head of the Industry Development Department and Information Department of the China General Chamber of Commerce, as well as Deputy Director of the China National Commercial Information Centre. He received a Ph.D. degree in Engineering from Harbin Institute of Technology in 1989. Currently, he is a director of Golden Eagle Retail Group Ltd. (3308), a company listed on the Hong Kong Stock Exchange.

Mr. Ngai Wai Fung, aged 46, was appointed as an independent non-executive Director of the Group in September 2007. He is currently the Director and Head of Listing Services of KCS Hong Kong Limited, an independent integrated corporate services provider, Vice President of the Hong Kong Institute of Chartered Secretaries and the Chairman of its Membership Committee. He is an associate of the Association of Chartered Certified Accountants in the United Kingdom, an associate of the Hong Kong Institute of Certified Public Accountants, a fellow of the Institute of Chartered Secretaries and Administrators and a fellow of the Hong Kong Institute of Chartered Secretaries. He received a Master's Degree in Corporate Finance from Hong Kong Polytechnic University in 2002 and a Master's Degree in Business Administration from Andrews University of Michigan in 1992. He is a doctoral candidate in Finance at Shanghai University of Finance and Economics. He has over 18 years of senior management experience, most of which is in the areas of finance, accounting, internal control and regulatory compliance for issuers including major red chips companies. He is currently an independent non-executive director and a member of the Audit Committee of China Life Insurance Company Limited (02628), Frashion Properties (China) Limited (0817) and China Railway Construction Corporation Limited (01186), shares of which are listed on the Hong Kong Stock Exchange.

Senior Management

Mr. Huang Gui, aged 33, is Assistant to Chief Executive Officer of Shanghai Bosideng International Fashion Co., Ltd. ("Bosideng International Fashion"), a member of the Group, and Deputy General Manager of Jiangsu Bosideng Down Wear Limited ("Jiangsu Bosideng"), a member of the Group. He has over nine years' experience in business management. He joined Bosideng Corporation in 2004. He studied at the Northern Jiaotong University of China, majoring in Management Engineering, from 1994 to 1998.

Directors and Senior Management *(continued)*

Ms. Pan Jianping, aged 53, is Deputy General Manager of Jiangsu Bosideng. She has over 20 years' experience in the down and non-down apparel industries. She joined Bosideng Corporation in 1994. She graduated from the Beijing College for Further Education for Military and Civilian Services, majoring in Business Management in 2004.

Ms. Huang Meifang, aged 39, is General Manager of the "Bosideng" Brand Division of Jiangsu Bosideng. She has over 20 years' experience in the down and non-down apparel industries. She joined Bosideng Corporation in 1996. She graduated from Changshu Zhitang High School in 1986.

Ms. Gu Lizhen, aged 39, is General Manager of the "Snow Flying" Brand Division of Bosideng International Fashion. She has over 20 years' experience in the down and non-down apparel industries. She joined Jiangsu Xuezhongfei Apparels Manufacturing Co., Ltd., a company controlled by Mr. Gao Dekang, in 1998. She has studied at Jiangsu Television and Radio Broadcasting University, majoring in Business Management, from 2005 to 2007.

Ms. Gan Lingyun, aged 32, is General Manager of Changshu Bosideng Import and Export Co., Ltd., a member of the Group. She joined Bosideng Corporation in 1999. She studied at the Social College of Suzhou University, majoring in Office Automation, from 1995 to 1998.

Mr. Rui Jinsong, aged 35, is Executive Deputy General Manager of the Marketing Headquarters of Jiangsu Bosideng. He joined Bosideng Corporation in 2004. He studied at Wuxi Light Industry College, majoring in Textile Engineering, from 1990 to 1994.

Mr. Song Jiajun, aged 35, is Deputy General Manager of the Marketing Headquarters of Jiangsu Bosideng. He joined Bosideng Corporation in 2005. He studied at Shanghai Huangpu District Part-time University, majoring in Marketing, from 1992 to 1995.

Mr. Shen Guangjian, aged 34, is Manager of the Strategic Investment Department of Bosideng International Fashion. He joined Bosideng International Fashion in 2007. He received his Bachelor of Economics degree in 1998 and Master of Economics degree in 2001, both from Anhui University of China. He holds a Hong Kong Securities Institute Specialist Certificate (with a specialization in corporate finance) and professional qualifications for securities issues, undertakings, investment analysis and brokerage and investment funds granted by the China Securities Association. He is also qualified as a mid-level economist with a specialization in finance by the PRC Ministry of Personnel.

Qualified Accountant and Company Secretary

Ms. Lo Ka Wai, Claudia, aged 36, former Chief Financial Officer and Company Secretary of the Company, joined the Group in May 2007. She graduated with a Master's Degree in Business Administration from the Hong Kong University of Science and Technology and is a fellow member of the Hong Kong Institute of Certified Public Accountants. Ms. Lo has resigned from her positions as Company Secretary, Qualified Accountant, Chief Financial Officer and Authorized Representative of the Company with effect from July 1, 2008.

Mr. Mak Yun Kuen, aged 32, has been appointed by the Board to replace Ms. Lo as Company Secretary, Qualified Accountant, Chief Financial Officer and Authorized Representative of the Company with effect from July 1, 2008. He graduated from Lingnan University with a Bachelor's Degree in Business Administration (Honours) and is a member of the Hong Kong Institute of Certified Public Accountants and a member of Association of Chartered Certified Accountants. Before joining the Company, he was the qualified accountant and company secretary of Golden Eagle Retail Group Limited (3308), a company listed on the Hong Kong Stock Exchange, from July 2006 to June 2008.



SPORTS



Report of Directors

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Report of Directors

The Board is pleased to present its first annual report, together with the audited financial statements of the Group for the year ended March 31, 2008 set out in the Auditor's Report contained in this annual report (the "**Financial Statements**").

Principal Activities

The Company was incorporated in the Cayman Islands on July 10, 2006 as an exempted company with limited liability. The Group's operations are substantially conducted in the PRC through its direct or indirect subsidiaries in the PRC. The Group primarily focuses on developing and managing the portfolio of its down apparel brands, which includes research, design and development, raw materials procurement, outsourced manufacturing, and marketing and distribution of the Group's branded down apparel products.

The Group's revenue and net profits attributable to the shareholders during the year are set out in the consolidated income statement on page 53 and Note 7 to the Financial Statements.

Results and Distribution

The results of the Group for the year ended March 31, 2008 are set out in the Financial Statements included in the Auditor's Report. The Board has resolved to recommend the payment of a final dividend of RMB6.0 cents and a special dividend of RMB2.8 cents per ordinary share in respect of the year ended March 31, 2008, totalling RMB698,421,000.

Use of Proceeds from Listing

The net proceeds (after deduction of related issuance costs) from the Company's initial public offering including the exercise of the over-allotment option amounted to approximately RMB6,012,025,000. The net proceeds were partially applied during the period from the Company's listing date on October 11, 2007 ("**Listing Date**") up to March 31, 2008 and such application is consistent with the proposed usage of the net proceeds disclosed in the Company's prospectus dated September 27, 2007 (the "**Prospectus**"). The unused balance of the net proceeds are RMB3,916,723,000 deposited in short-term demand deposits and/or money market instruments.

Report of Directors (continued)

Summary of Financial Information

A summary of the results and assets, liabilities and equity of the Group for the period from June 1, 2004 to March 31, 2005 and the two financial years ended March 31, 2007, as extracted from the audited financial statements of the Group disclosed in the Prospectus, and for the financial year ended March 31, 2008, as extracted from the Financial Statements, is set out below.

	Period from June 1, 2004 to March 31, 2005 RMB'000	Year ended March 31, 2006 RMB'000	Year ended March 31, 2007 RMB'000	Year ended March 31, 2008 RMB'000
Results				
Profit attributable to:				
— Equity holders of the Company	252,579	500,786	617,593	1,116,937
— Minority interests	4,252	6,112	(3,475)	—
Assets, liabilities and equity				
Total assets	2,210,367	1,499,354	3,154,624	7,901,471
Total liabilities	1,415,544	1,119,642	2,583,340	812,889
Total equity	794,823	379,712	571,284	7,088,582

Fixed Assets

Details of the fixed assets of the Group are set out in Note 19 to the Financial Statements.

Share Capital

Details of the movement in the Group's share capital during the year ended March 31, 2008 are set out in Note 27 to the Financial Statements.

Reserves

Details of movements in the reserves of the Group during the year ended March 31, 2008 are set out in Note 28 to the Financial Statements.

Bank Borrowings

Bank borrowings of the Group as at March 31, 2008 amounted to RMB60,000,000. Further details of these borrowings are set out in Note 32 to the Financial Statements.

Report of Directors *(continued)*

Donations

Donations made by the Group during the year ended March 31, 2008 amounted to approximately RMB967,000.

Directors and Directors' Service Contracts

The Directors of the Company during the year ended March 31, 2008 and up to the date of this annual report are:

Executive Directors:

Mr. Gao Dekang (*Chairman*)
Ms. Mei Dong
Ms. Gao Miaoqin
Dr. Kong Shengyuan
Ms. Huang Qiaolian
Ms. Wang Yunlei

Non-executive Director:

Mr. Shen Jingwu

Independent non-executive Directors:

Mr. Dong Binggen
Mr. Jiang Hengjie
Mr. Wang Yao
Mr. Ngai Wai Fung

All of the Directors were appointed for a term of three years with effect from September 15, 2007. In accordance with Article 87 of the Articles of Association of the Company, at each annual general meeting of the Company, one-third of the Directors for the time being shall retire from office by rotation and a retiring Director shall be eligible for re-election at that annual general meeting. Accordingly, Mr. Gao Dekang, Ms. Gao Miaoqin, Mr. Wang Yao and Mr. Ngai Wai Fung will retire by rotation at the forthcoming annual general meeting and, being eligible, offer themselves for re-election.

None of the Directors has a service contract with the Company or any of its subsidiaries which is not terminable within one year without payment of compensation, other than statutory compensation.

Independence of the Independent Non-Executive Directors

The Company has received from each of its independent non-executive Directors the confirmation of his independence pursuant to Rule 3.13 of the Listing Rules and the Board considers the independent non-executive Directors to be independent.

Directors' and Senior Management's Biographies

Biographical details of the Directors and senior management are set out in the section headed "Directors and Senior Management" in this annual report.

Report of Directors (continued)

Directors' and Chief Executive's Interests and Short Positions in Shares, Underlying Shares or Debentures

As at March 31, 2008, the interests and short positions of the Directors and chief executive of the Company in the shares of the Company or its associated corporations (within the meaning of Part XV of the Securities and Futures Ordinance (Cap. 571 of the Laws of Hong Kong) (the "SFO"), which were required (a) to be notified to the Company and the Stock Exchange pursuant to Divisions 7 and 8 of Part XV of the SFO (including interests or short positions which each of them had taken or deemed to have taken under the provisions of the SFO); or (b) to be recorded in the register required to be kept by the Company pursuant to section 352 of the SFO; or (c) to be notified to the Company and the Stock Exchange pursuant to the Model Code were as follows:

(a) Long position in the Company

Name of Director	Nature of interest	Number of shares held	Approximate percentage of interest in the Company
Mr. Gao Dekang	Interest of controlled corporation (Note 1)	5,153,727,202	64.47%
	Deemed interest (Note 2)	69,000,846	0.86%
Ms. Mei Dong	Interest of controlled corporation (Note 3)	52,571,999	0.66%
	Beneficial owner (Note 4)	2,763,697	0.03%
Ms. Gao Miaoqin	Beneficial owner (Note 4)	2,763,697	0.03%
Dr. Kong Shengyuan	Beneficial owner (Note 4)	2,763,697	0.03%
Ms. Huang Qiaolian	Beneficial owner (Note 4)	2,763,697	0.03%
Ms. Wang Yunlei	Beneficial owner (Note 4)	1,878,242	0.02%

Notes:

- (1) Mr. Gao Dekang is the beneficial owner of 95% of the issued share capital of Kong Bo Investment Limited (with the remaining beneficial owner of 5% of the issued share capital of Kong Bo Investment Limited being Mr. Gao Xiaodong, the son of Mr. Gao Dekang). Mr. Gao Dekang is deemed to be interested in the number of shares of the Company held by Kong Bo Investment Limited.
- (2) The Share Scheme comprises 69,000,846 shares of the Company held by Gather Wealth Holdings Limited (as trustee of the Share Scheme). Mr. Gao Dekang is deemed to be interested in the 69,000,846 shares of the Company held by Gather Wealth Holdings Limited in his capacity as of one of the founders of the Share Scheme.
- (3) Ms. Mei Dong beneficially owns the entire issued share capital of Kong Bo Development Limited and is deemed to be interested in the number of shares of the Company held by Kong Bo Development Limited.
- (4) Each of Ms. Mei Dong, Ms. Gao Miaoqin, Dr. Kong Shengyuan and Ms. Huang Qiaolian was granted 2,763,697 shares of the Company, and Ms. Wang Yunlei was granted 1,878,242 shares of the Company, under the Share Scheme over a vesting period.

Report of Directors (continued)

(b) Long position in the associated corporation of the Company

Name of Director	Nature of interest	Name of associated corporation	Number of shares of the associated corporation held	Approximate percentage of interest in the associated corporation
Mr. Gao Dekang	Other	Kong Bo Investment Limited	95	95.00%

Save as disclosed above, as at March 31, 2008, none of the Directors or chief executive of the Company had interests or short positions in the shares, underlying shares or debentures of the Company and its associated corporations (within the meaning of Part XV of the SFO) which were required (a) to be notified to the Company and the Stock Exchange pursuant to Divisions 7 and 8 of Part XV of the SFO (including interests or short positions which each of them had taken or deemed to have taken under the provisions of the SFO); or (b) to be recorded in the register required to be kept by the Company pursuant to section 352 of the SFO; or (c) to be notified to the Company and the Stock Exchange pursuant to the Model Code.

Directors' Interests in Competing Business

None of the Directors is or was interested in any business apart from the Group's business, that competes or is likely to compete (either directly or indirectly) with the Group's business at any time during the year ended March 31, 2008 and up to the date of this report.

As disclosed in the Prospectus, Mr. Gao Dekang has entered into a Non-competition Deed (as defined in the Prospectus) dated September 15, 2007 in favour of the Company. Mr. Gao Dekang has provided the Group with a written confirmation that he and his associates (other than members of the Group) have fully complied with the Non-competition Deed as at the date of this report.

The independent non-executive Directors have, based on the information available to them, including information and confirmation provided by or obtained from Mr. Gao Dekang and his associates (other than members of the Group), for the financial year ended March 31, 2008, conducted a review of the compliance with the Non-competition Deed and is of the view that: (i) Mr. Gao Dekang and his associates (other than members of the Group) have complied with the non-competition undertakings pursuant to the Non-competition Deed; and (ii) there have been no decisions taken in relation to whether to exercise the option pursuant to the Non-competition Deed and whether to pursue any business opportunities which may be referred or offered to the Group by Mr. Gao Dekang or his associates (other than members of the Group) pursuant to the Non-competition Deed.

Report of Directors *(continued)*

Directors' Interests in Contracts

Mr. Gao Dekang and his associates (as defined in the Listing Rules) have entered into certain connected transactions as further described below under the heading "Continuing Connected Transactions" and Note 35 to the Financial Statements under the section "Related Party Transactions". Ms. Mei Dong is the spouse of Mr. Gao Dekang. Save as disclosed, no Director had a material interest in any contract of significance to the Group's business for the year ended March 31, 2008 in which the Group was a party.

Remuneration Policy

The remuneration policy of the Group to reward its employees is based on their performance, qualifications and competence displayed.

The emoluments of the Directors of the Company are decided by the Remuneration Committee, having regard to the Company's operating results, individual performance and comparable market statistics.

Details of the Directors' emoluments and emoluments of the five highest paid individuals in the Group are set out in notes 14 and 15 to the Financial Statements.

As part of his remuneration and as disclosed in the Prospectus, one of the executive Directors, Dr. Kong Shengyuan, had received from the Company a fee equivalent to US\$1.05 million in recognition of his contributions in relation to the Global Offering of the Company as the special advisor and consultant who led and coordinated all aspects of the Company's initial public offering. This fee constitutes part of the costs incurred in preparation of the Global Offering and is in addition to the salaries, allowances and other benefits in kind earned by Dr. Kong Shengyuan.

Provident and Retirement Fund Schemes

The Group's employees in the PRC participate in various defined contribution schemes organized by the relevant municipal and provincial governments under which the Group is required to make monthly contributions to these plans. The Group's subsidiaries in the PRC contribute funds to the retirement schemes, which are calculated on a stipulated percentage of the average employee salary as agreed by the relevant municipal and provincial government. The Group has no further obligations for the actual payment of post-retirement benefits beyond the contributions.

The Group's contributions to the retirement benefit schemes charged to the consolidated income statement for the year ended March 31, 2008 were RMB6,963,000.

Details of the Group's contributions to the retirement benefit schemes are shown in note 10 to the Financial Statements.

Report of Directors *(continued)*

Substantial Shareholders' Interests and Short Positions in Shares and Underlying Shares

As at March 31, 2008, according to the register of interests kept by the Company under section 336 of the SFO, and so far as was known to the Directors or chief executive of the Company, the following persons, other than Directors or chief executive of the Company, had an interest or short position in the shares which would require to be disclosed by the Company under the provisions of Divisions 2 and 3 of Part XV of the SFO, or who was directly or indirectly interested in 5% or more of the nominal value of any class of share capital carrying rights to vote in all circumstances at general meeting of the Company:

Name of shareholder	Nature of interest	Number of shares held	Approximate percentage of interest in the Company
Kong Bo Investment Limited	Corporate interest	5,153,727,202	64.47%
Shanghai Olympics Investment Holdings Company Limited ("Olympics Investment")	Corporate interest <i>(Note 2)</i> Deemed interest <i>(Note 1)</i>	616,151,953 69,000,846	7.71% 0.86%
The HSBC Private Equity Fund 3 Limited ("HSBC Private Equity")	Corporate interest <i>(Note 2)</i>	685,152,799	8.57%
Solandra Investments Limited	Corporate interest <i>(Note 2)</i>	685,152,799	8.57%
HSBC Entities	Corporate interest <i>(Note 3)</i>	685,152,799	8.57%

Notes:

- (1) *The Share Scheme comprises 69,000,846 shares of the Company held by Gather Wealth Holdings Limited (as trustee of the Share Scheme). Olympics Investment is deemed to be interested in the 69,000,846 shares of the Company held by Gather Wealth Holdings Limited in its capacity as one of the founders of the Share Scheme.*
- (2) *Olympics Investment is the wholly-owned subsidiary of HSBC Private Equity. Solandra Investments Limited owns 33.8% of the shareholding interest of HSBC Private Equity. Solandra Investments Limited is an indirect wholly-owned subsidiary of its ultimate holding company, HSBC Holdings plc. Each of HSBC Private Equity and Solandra Investments Limited is deemed to be interested in the shares of the Company held by Olympics Investment.*
- (3) *This refers to the shareholding of each of the HSBC Entities, which comprise The Hongkong and Shanghai Banking Corporation Limited, HSBC Asia Holdings B.V., HSBC Asia Holdings (UK), HSBC Holdings B.V., HSBC Finance (Netherlands) and HSBC Holdings plc, each of which is deemed to be interested in the shares of the Company held by Olympics Investment. Olympics Investment is the wholly-owned subsidiary of HSBC Private Equity. Solandra Investments Limited owns 33.8% of the shareholding interests of HSBC Private Equity. Solandra Investments Limited is directly wholly-owned by The Hongkong and Shanghai Banking Corporation Limited, which is directly wholly owned by HSBC Asia Holdings B.V., a direct wholly-owned subsidiary of HSBC Asia Holdings (UK). HSBC Asia Holdings (UK) is in turn directly wholly-owned by HSBC Holdings B.V., which is directly wholly-owned by HSBC Finance (Netherlands), a direct wholly-owned subsidiary of HSBC Holdings plc.*

Save as disclosed above, as at March 31, 2008, the Directors and the chief executive of the Company are not aware of any other person who had an interest or short position in the shares or underlying shares which would require to be disclosed under the provisions of Divisions 2 and 3 of Part XV of the SFO, or who was directly or indirectly interested in 5% or more of the nominal value of any class of share capital carrying rights to vote in all circumstances at general meeting of the Company.

Report of Directors *(continued)*

Management Contracts

Save as disclosed below under the section "Continuing Connected Transactions", no contracts concerning the management and administration of the whole or any substantial part of the Company's business were entered into or existed during the year ended March 31, 2008.

Continuing Connected Transactions

The Group has entered into certain non-exempt continuing connected transactions with Mr. Gao Dekang and his associates (as defined in the Listing Rules) other than members of the Group (the "**Parent Group**"), which are subject to the reporting, announcement and/or independent shareholders' approval requirements under Chapter 14A of the Listing Rules. Waivers from the Stock Exchange from strict compliance of these requirements have been granted at the time of application for listing of the Company's shares on the Stock Exchange. Certain related party transactions as disclosed in note 35 to the Financial Statements also constituted non-exempt continuing connected transactions which were required to be disclosed in accordance with Chapter 14A of the Listing Rules.

Further details of these transactions are set out below and in the chapter headed "Relationship with Controlling Shareholders and Connected Transactions" of the Prospectus.

Framework Trademark Licensing Agreement

As part of the Group's business reorganization, the Parent Group has previously assigned to the Group all trademarks that are relevant to the Group's core business, on the condition that the Group will license these trademarks to the Parent Group solely for use in connection with business operations which are outside the scope of the Group's business (excluding any use as company names and on properties invested by the Parent Group).

The Group therefore entered into a framework trademark licensing agreement dated September 15, 2007 with Mr. Gao Dekang and the Parent Group, pursuant to which the Group shall licence to the Parent Group all these trademarks. In consideration, the Parent Group will pay the Group royalties based on arms-length commercial terms and by reference to the royalties charged by the Group on independent third parties.

The term of the framework trademark licensing agreement is three years, renewable at the parties' option for another term of three years by giving at least six months' notice prior to expiry of the initial term.

The proposed annual caps, representing the maximum aggregate royalties due from the Parent Group for the three financial years ending March 31, 2010 are RMB4.5 million, RMB5.8 million and RMB7.0 million, respectively. The actual amount of royalties paid by the Parent Group to the Group for the year ended March 31, 2008 was RMB4,500,000.

Report of Directors *(continued)*

Framework Manufacturing Outsourcing and Agency Agreement

The Company entered into a framework manufacturing outsourcing and agency agreement dated September 15, 2007 with Mr. Gao Dekang, pursuant to which the Group agreed to outsource the manufacturing process of down apparel and OEM products to the Parent Group on a non-exclusive basis. The Group has the right to contract with third party manufacturers at their discretion and on such terms as they deem appropriate. This agreement provides for the following manufacturing outsourcing arrangements:

- (i) the Parent Group will provide labour, factory, premises, necessary equipment, water and electricity for the processing of down apparel products;
- (ii) the Group provides the Parent Group with raw materials, product designs and specifications to facilitate the manufacturing process; and
- (iii) the Group pays the Parent Group a fee based on the agreed production volume.

The Parent Group will from time to time procure raw materials for the Group's OEM business from independent third party suppliers in the PRC on the Group's behalf and in accordance with the Group's instructions. The raw materials procured pursuant to such agency arrangements will be used solely for the manufacturing of the Group's OEM products and no agency fee is payable by the Group to the Parent Group. Notwithstanding the agency arrangements, the Group may also purchase raw materials directly from independent third party contract manufacturers.

Mr. Gao Dekang is the Chief Executive Officer and director of the Company. As such, any transaction entered into between Mr. Gao Dekang and the Group will constitute connected transactions under Chapter 14A of the Listing Rules.

The term of the framework outsourcing manufacturing agreement is three years, renewable at the option of the Company for another term of three years by giving at least three months' notice prior to the expiry of the initial term. Either party may terminate the framework outsourcing manufacturing agreement at any time by giving at least three months' notice.

The proposed annual caps, representing the maximum aggregate annual amount due from the Group to the Parent Group for the three financial years ending March 31, 2010 are RMB270 million, RMB297.7 million and RMB327.5 million, respectively. The actual amount of fees paid or payable by the Group to the Parent Group for the year ended March 31, 2008 was RMB171,401,000.

Framework Raw Material Purchase Agreement

The Company entered into a framework raw material purchase agreement dated September 15, 2007 with Mr. Gao Dekang, pursuant to which the Group agreed to purchase (on a non-exclusive basis) nanometer fabric from the Parent Group. Under this agreement, the quality and prices of nanometer fabric supplied by the Parent Group to the Group must be comparable to the quality and prices of similar products which the Parent Group supplies to third party customers.

The term of the framework raw material purchase agreement is three years, renewable at the option of the Company for another term of three years by giving at least three months' notice prior to the expiry of the initial term. Either party may terminate the framework raw material purchase agreement at any time by giving at least three months' notice.

Report of Directors *(continued)*

The proposed annual caps, representing the maximum aggregate annual amount due from the Group to the Parent Group for the three financial years ending 31 March 2010 are RMB3.0 million, RMB5.0 million and RMB8.0 million, respectively. The actual amount paid by the Group to the Parent Group for the year ended March 31, 2008 was RMB1,841,000.

Framework Distribution and Sale Agreement

The Company entered into a framework distribution and sale agreement dated September 15, 2007 with Mr. Gao Dekang, pursuant to which the Parent Group will sell the Group's down apparel through its distribution and sales channels for a commission fee to be calculated as an agreed percentage of the monthly sales receipts. Under this agreement, the commission rate applicable to the Group must be in line with the rate offered by the Parent Group to independent third parties.

The term of the framework distribution and sale agreement is three years, renewable at the option of the Company for another term of three years by giving at least three months' notice prior to the expiry of the initial term. Either party may terminate the framework distribution and sale agreement at any time by giving at least three months' notice.

The proposed annual caps, representing the maximum aggregate commission fees due from the Group to the Parent Group for the three financial years ending March 31, 2010 are RMB5.5 million, RMB8.3 million and RMB13.0 million, respectively. The actual amount of commission fees paid by the Group to the Parent Group for the year ended March 31, 2008 was RMB3,428,000.

Property Lease Agreement

The Company entered into a property lease agreement with Mr. Gao Dekang dated September 15, 2007, pursuant to which Mr. Gao Dekang shall procure the Parent Group to lease 12 properties with a total area of approximately 55,824 square metres to the Group. The properties leased under this agreement will be used as the Group's regional offices or warehouses.

The term of each lease granted under the property lease agreement is no more than 20 years. Under the property lease agreement, the Group is able to terminate a lease of any premise, by giving a 30-day prior notice, at any time prior to its expiry at its sole discretion and without penalty. The Parent Group, on the other hand, is not entitled to terminate any lease under the property lease agreement without the Group's consent. The rental payable under the property lease agreement is to be reviewed annually taking into account market conditions, and should not be higher than the rent applicable to a third party tenant at the relevant time.

The proposed annual caps, representing the maximum aggregate rental payable to the Parent Group for the three financial years ending March 31, 2010 are RMB8.6 million, RMB8.9 million and RMB9.2 million, respectively. The actual amount of rental payable to the Parent Group for the year ended March 31, 2008 was RMB8,185,000.

Framework Integrated Service Agreement

The Company entered into a framework integrated service agreement dated September 15, 2007 with Mr. Gao Dekang, pursuant to which Mr. Gao Dekang shall procure the Parent Group to provide various ancillary services to the Group, which currently includes the provision of hotel accommodation.

Report of Directors *(continued)*

The term of the framework integrated service agreement is three years, renewable at the option of the Company for another term of three years by giving at least three months' notice prior to the expiry of the initial term. Either party may terminate the framework integrated service agreement at any time by giving at least three months' notice.

The proposed annual caps, representing the maximum aggregate service fees due from the Group to the Parent Group for the three financial years ending 31 March 2010 are RMB3.4 million, RMB3.4 million and RMB3.4 million, respectively. The actual amount of service fees paid by the Group to the Parent Group for the year ended March 31, 2008 was RMB1,537,000.

Pursuant to Rule 14A.37 of the Listing Rules, the independent non-executive directors of the Company have reviewed the continuing connected transactions set out above and in note 35 to the Financial Statements and have confirmed that these continuing connected transactions were entered into:

- (i) in the ordinary course of business of the Group;
- (ii) on normal commercial terms or on terms no less favorable to the Group than terms available to or from independent third parties; and
- (iii) in accordance with the relevant agreements governing them on terms that are fair and reasonable and in the interest of the Company's shareholders as a whole.

Pursuant to Rule 14A.38 of the Listing Rules, the Board of Directors engaged the Company's auditor to perform certain agreed-upon procedures in respect of the continuing connected transactions set out above on a sample basis. The auditor has reported their factual findings on the selected samples based on the agreed procedures to the Board of Directors.

Share Option Scheme

The Share Option Scheme was conditionally approved by a resolution of the shareholders passed on September 10, 2007 and adopted by a resolution of the board on September 15, 2007. The terms of the Share Option Scheme are in accordance with the provisions of Chapter 17 of the Listing Rules.

The purpose of the Share Option Scheme is to attract skilled and experienced personnel, to incentivise them to remain with the Group and to give effect to the Group's customer-focused corporate culture, and to motivate them to strive for the Group's future development and expansion, by providing them with the opportunity to acquire equity interests in the Company. The Board may, at its absolute discretion, offer any employee, management member or Director of the Company, or any of the Group's subsidiaries and third party service providers options ("**Options**") to subscribe for shares on the terms set out in the Share Option Scheme. The amount payable on acceptance of an Option is HK\$1.00. Details of the Share Option Scheme were provided in the Prospectus.

Unless otherwise terminated by our Board or our shareholders in general meeting in accordance with the terms of the Share Option Scheme, the Share Option Scheme shall be valid and effective for a period of 10 years from October 11, 2007, after which no further Options will be granted or offered, but the provisions of the Share Option Scheme shall remain in full force and effect to the extent necessary to give effect to the exercise of any subsisting Option granted prior to the expiry of this 10-year period or otherwise as may be required in accordance with the provisions of the Share Option Scheme.

Report of Directors *(continued)*

The maximum number of shares in respect of which Options may be granted under the Share Option Scheme when aggregated with the maximum number of shares in respect of which options may be granted under any other scheme shall not exceed 10% of the Company's issued share capital on the Listing Date without prior approval from the Company's shareholders. No Option may be granted to any one person such that the total number of shares issued and to be issued upon the exercise of Options granted and to be granted to that person in any 12-month period up to the date of the latest grant exceeds 1% of the Company's issued share capital from time to time, unless the approval of the Company's shareholders is obtained.

The period within which the Options must be exercised will be specified by the Company at the time of grant, and must expire no later than 10 years from the date of grant of the Option (being the date on which the board makes a written offer of grant of the Option to the relevant proposed beneficiary) unless the Company obtains separate shareholder approval in relation to such grant.

The amount payable for each share to be subscribed for under an Option upon exercise shall be not less than the highest of (a) the closing price of the shares as stated in the Stock Exchange's daily quotation sheet on the date of grant, which must be a business day; (b) the average closing price of the shares as stated in the Stock Exchange's daily quotation sheet for the five business days immediately preceding the date of grant; and (c) the nominal value of the shares.

As at the date of this report, no Options have been granted under the Share Option Scheme.

Share Scheme

On June 14, 2007, the Group adopted the Share Scheme (which is not subject to the provisions of Chapter 17 of the Listing Rules and which further details have been disclosed in the Prospectus) in order to attract and retain skilled and experienced personnel and motivate them to strive for the future development and expansion of the Group's business. The Share Scheme comprises 69,000,846 shares of the Company held by Gather Wealth Holdings Limited (as trustee of the Share Scheme), which had been contributed and transferred to the trustee by two of the Company's shareholders (namely Kong Bo Investment Limited and Shanghai Olympics Investment Holdings Company Limited). The trustee will hold and deal with the shares under the Share Scheme in accordance with the instructions of the Award Committee (comprising of two members, of which each of Kong Bo Investment Limited and Shanghai Olympics Investment Holdings Company Limited has a right to appoint a member). This Award Committee will determine the number of these Shares to be awarded to each selected employee, consultant, management member and Director. The Share Scheme will have a life of three years from the Listing Date.

Apart from the foregoing, at no time during the year ended March 31, 2008 was the Company or any of its subsidiaries a party to any arrangement to enable the Directors to acquire benefits by means of the acquisition of shares in or debentures of the Company or any other body corporate.

Report of Directors *(continued)*

Purchase, Sale or Redemption of Shares

As at March 31, 2007, the Company has not redeemed any of its shares. Neither the Company nor any of its subsidiaries have purchased or sold any shares of the Company as at March 31, 2007.

From April 16, 2008 to July 20, 2008, being the latest practicable date for the purpose of this section, the Company repurchased a total of 57,726,000 shares on the Stock Exchange pursuant to the repurchase mandate granted to the Directors, at prices ranging from HK\$1.35 to HK\$1.48. The repurchased shares were cancelled on delivery of the share certificates.

Details of the Share repurchases are as follows:

Month repurchases	Number of Shares repurchased	Highest price paid per Share HK\$	Lowest price paid per Share HK\$	Aggregate consideration paid HK\$
April 2008	4,942,000	1.48	1.44	7,267,797.40
May 2008	15,568,000	1.48	1.42	22,712,692.60
June 2008	37,216,000	1.48	1.35	52,708,606.00
Total	57,726,000	1.48	1.35	82,689,096.00

The Directors are of the view that such repurchases have the effect of enhancing the earnings per share of the Group and would benefit the shareholders as a whole. Depending on the market circumstances, the Company may undertake further share repurchases as the Directors may consider to be appropriate.

Pre-Emptive Right

There is no provision for pre-emptive rights under the Company's articles of association and the laws of the Cayman Islands do not impose any limitations on such rights.

Sufficiency of Public Float

Based on the information that is publicly available to the Company and within the knowledge of the Directors, at least 25% of the Company's total issued share capital was held by the public as at the date of this annual report.

Report of Directors *(continued)*

Major Suppliers and Customers

For the year ended March 31, 2008, the Group's five largest suppliers (comprising suppliers of down, fabric and ancillary materials) together accounted for approximately 30.5% of the Group's total raw material purchases, and the largest supplier accounted for 13.7% of the Group's total raw material purchases.

Sino-tech Bosideng Nano Fashion (Suzhou) Co., Ltd., the Group's supplier of fabric developed from nanotechnology, is 68% indirectly controlled by Mr. Gao Dekang and his associates. For the year ended March 31, 2008, purchases made by the Group from this supplier amounted to RMB1,841,000. Save as disclosed above, none of the Directors, their associates or any shareholder of the company (who or which, to the knowledge of the Directors, owns more than 5% of the Company's share capital) has any interest in any of the Group's large suppliers.

For the year ended March 31, 2008, the Group's five largest customers accounted for less than 30% of the Group's revenue. None of the Directors, their associates or any shareholder (who or which to the knowledge of the Directors owns more than 5% of the Company's share capital) has any interest in any of the Group's large customers.

Contingent Liabilities and Commitments

Details of the commitments and contingent liabilities of the Group are set out in Note 34 to the Financial Statements.

Subsequent Events

Details of the Group's events after the balance sheet date up to the date of this report are set out in Note 36 to the Financial Statements.

Auditors

The Financial Statements have been audited by KPMG. A resolution for the re-appointment of KPMG as the Company's auditor will be proposed at the Company's forthcoming annual general meeting.

By order of the Board
Gao Dekang
Chairman

Hong Kong, July 18, 2008



Independent Auditors' Report



Independent auditors' report to the shareholders of
Bosideng International Holdings Limited
(Incorporated in the Cayman Islands with limited liability)

We have audited the consolidated financial statements of Bosideng International Holdings Limited (the "Company") and its subsidiaries (the "Group") set out on pages 53 to 110, which comprise the consolidated balance sheet of the Group and the balance sheet of the Company as at March 31, 2008, and the consolidated income statement, the consolidated statement of changes in equity and the consolidated cash flow statement of the Group for the year then ended, and a summary of significant accounting policies and other explanatory notes.

Directors' Responsibility

The directors of the Company are responsible for the preparation and the true and fair presentation of these financial statements in accordance with International Financial Reporting Standards promulgated by the International Accounting Standards Board and the disclosure requirements of the Hong Kong Companies Ordinance. This responsibility includes designing, implementing and maintaining internal control relevant to the preparation and the true and fair presentation of financial statements that are free from material misstatement, whether due to fraud or error; selecting and applying appropriate accounting policies; and making accounting estimates that are reasonable in the circumstances.

Auditors' Responsibility

Our responsibility is to express an opinion on these financial statements based on our audit. This report is made solely to you, as a body, and for no other purpose. We do not assume responsibility towards or accept liability to any other person for the content of this report.

We conducted our audit in accordance with Hong Kong Standards on Auditing issued by the Hong Kong Institute of Certified Public Accountants. Those standards require that we comply with ethical requirements, and plan and perform the audit to obtain reasonable assurance as to whether the financial statements are free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on the auditors' judgment, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the entity's preparation and true and fair presentation of the financial statements in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the entity's internal control. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of accounting estimates made by the directors, as well as evaluating the overall presentation of the financial statements.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

Opinion

In our opinion, the consolidated financial statements give a true and fair view of the state of affairs of the Company and of the Group as at March 31, 2008 and of the Group's profit and cash flows for the year then ended and have been properly prepared in accordance with International Financial Reporting Standards and the disclosure requirements of the Hong Kong Companies Ordinance.

KPMG
Certified Public Accountants
8th Floor, Prince's Building
10 Chater Road
Central, Hong Kong

July 18, 2008



Consolidated Income Statement

For the year ended March 31, 2008

	Note	For the year ended March 31,	
		2008 RMB'000	2007 RMB'000
Revenue	7	5,279,416	5,632,967
Cost of sales		(2,870,614)	(3,645,509)
Gross profit		2,408,802	1,987,458
Other income	8	63,807	62,545
Distribution expenses	9	(1,106,599)	(1,091,761)
Administrative expenses		(202,262)	(85,710)
Other expenses		—	(17,612)
Profit from operations		1,163,748	854,920
Finance income		61,814	3,993
Finance expenses		(77,313)	(34,668)
Net financing expenses	12	(15,499)	(30,675)
Profit before income tax		1,148,249	824,245
Income tax expenses	13	(31,312)	(210,127)
Profit for the year		1,116,937	614,118
Attributable to:			
Equity holders of the Company		1,116,937	617,593
Minority interests		—	(3,475)
Profit for the year		1,116,937	614,118
Dividends	17		
Dividends distributed during the year		467,435	453,160
Dividends proposed after the balance sheet date			
— final dividends		476,196	467,435
— special dividends		222,225	—
		698,421	467,435
Earnings per share	18		
— basic (RMB cents)		17.06	11.75
— diluted (RMB cents)		16.23	11.05

The notes on pages 60 to 110 are an integral part of these financial statements.

Consolidated Balance Sheet

At March 31, 2008

	Note	At March 31,	
		2008 RMB'000	2007 RMB'000
ASSETS			
Non-current assets			
Property, plant and equipment	19	31,339	30,825
Deferred tax assets	20	18,928	—
		50,267	30,825
Current assets			
Inventories	21	985,421	1,243,902
Held-to-maturity investments	22	612,000	—
Trade, bills and other receivables	23	1,265,704	854,638
Receivables due from related parties	35(d)	36,365	468,885
Prepayments for materials and service suppliers		262,948	41,520
Pledged bank deposits	24	2,578	7,048
Cash and cash equivalents	25	4,686,188	507,806
		7,851,204	3,123,799
Total assets		7,901,471	3,154,624
EQUITY			
Share capital	27	622	5,797
Reserves		7,086,721	549,401
Equity attributable to equity holders of the Company		7,087,343	555,198
Minority interests		1,239	16,086
Total equity		7,088,582	571,284

The notes on pages 60 to 110 are an integral part of these financial statements.

Consolidated Balance Sheet (continued)

At March 31, 2008

	Note	At March 31,	
		2008 RMB'000	2007 RMB'000
LIABILITIES			
Non-current liabilities			
Liability component of convertible redeemable preference shares	30	—	127,189
Deferred tax liabilities	20	33,000	—
		33,000	127,189
Current liabilities			
Interest-bearing borrowings	32	60,000	240,000
Equity holder loan	35(a)	—	395,940
Current income tax payables	13(c)	80,000	248,233
Trade and other payables	33	617,687	1,490,526
Payables due to related parties	35(d)	22,202	81,452
		779,889	2,456,151
Total liabilities		812,889	2,583,340
Total equity and liabilities		7,901,471	3,154,624
Net current assets		7,071,315	667,648
Total assets less current liabilities		7,121,582	698,473

Approved and authorized for issue by the board of directors on July 18, 2008.

Gao Dekang
Director

Mei Dong
Director

The notes on pages 60 to 110 are an integral part of these financial statements.



Balance Sheet

At March 31, 2008

	Note	As at March 31,	
		2008 RMB'000	2007 RMB'000
ASSETS			
Non-current assets			
Property, plant and equipment	19	379	—
Investment in subsidiaries	26	3,871,022	502,399
		3,871,401	502,399
Current assets			
Receivables due from related parties	35(d)	—	867
Cash and cash equivalents	25	2,245,118	25,819
		2,245,118	26,686
Total assets		6,116,519	529,085
EQUITY			
Share capital	27	622	397
Reserves	28	6,109,229	(5,162)
Total equity/(deficit)		6,109,851	(4,765)
LIABILITIES			
Non-current liabilities			
Liability component of convertible redeemable preference shares	30	—	127,189
		—	127,189
Current liabilities			
Equity holder loan	35(a)	—	395,940
Trade and other payables	33	—	10,721
Payables due to a subsidiary	35(d)	6,668	—
		6,668	406,661
Total liabilities		6,668	533,850
Total equity and liabilities		6,116,519	529,085
Net current assets/(liabilities)		2,238,450	(379,975)
Total assets less current liabilities		6,109,851	122,424

Approved and authorized for issue by the board of directors on July 18, 2008.

Gao Dekang
Director

Mei Dong
Director

The notes on pages 60 to 110 are an integral part of these financial statements.



Consolidated Statement of Changes in Equity

For the year ended March 31, 2008

	Share/ combined capital RMB'000 (note 27)	Convertible preference shares RMB'000 (note 29)	Share premium RMB'000 (note 28a)	Capital reserves RMB'000 (note 28b)	Statutory reserves RMB'000 (note 28c)	Translation reserves RMB'000 (note 28d)	Other reserves RMB'000	Retained earnings RMB'000	Total RMB'000	Minority interests RMB'000	Total equity RMB'000
Balance at March 31, 2006	5,400	—	—	—	40,859	—	—	332,853	379,112	600	379,712
Issuance of ordinary shares	397	—	—	—	—	—	—	—	397	—	397
Capital injection by minority shareholders to subsidiaries	—	—	—	—	—	—	—	—	—	18,961	18,961
Profit/(loss) for the year	—	—	—	—	—	—	—	617,593	617,593	(3,475)	614,118
Appropriation to reserves	—	—	—	—	28,049	—	—	(28,049)	—	—	—
Transaction costs for transfer of convertible preference shares ("CPS") between holders	—	—	—	—	—	—	(20,199)	—	(20,199)	—	(20,199)
Equity component of convertible redeemable preference shares ("CRPS") (note 30)	—	—	—	29,458	—	—	—	—	29,458	—	29,458
Translation reserves	—	—	—	—	—	1,997	—	—	1,997	—	1,997
Dividends	—	—	—	—	—	—	—	(453,160)	(453,160)	—	(453,160)
Balance at March 31, 2007	5,797	—	—	29,458	68,908	1,997	(20,199)	469,237	555,198	16,086	571,284
Deemed distribution to the equity holder on acquisition of entities under common control (1)	(5,400)	—	—	—	—	—	—	(11,799)	(17,199)	(14,847)	(32,046)
Capitalization issue of ordinary shares	19	—	—	—	—	—	—	(19)	—	—	—
Issuance of ordinary shares in public offer, net of issuance costs	150	—	6,011,875	—	—	—	—	—	6,012,025	—	6,012,025
Issuance of ordinary shares in connection with conversion of CRPS	16	—	161,338	(29,458)	—	—	—	—	131,896	—	131,896
Issuance of ordinary shares in connection with conversion of CPS	40	—	(20,239)	—	—	—	20,199	—	—	—	—
Profit for the year	—	—	—	—	—	—	—	1,116,937	1,116,937	—	1,116,937
Appropriation to reserves	—	—	—	—	199,414	—	—	(199,414)	—	—	—
Equity-settled share-based payment transactions (note 31)	—	—	—	27,550	—	—	—	—	27,550	—	27,550
Translation reserves	—	—	—	—	—	(271,629)	—	—	(271,629)	—	(271,629)
Dividends	—	—	—	—	—	—	—	(467,435)	(467,435)	—	(467,435)
Balance at March 31, 2008	622	—	6,152,974	27,550	268,322	(269,632)	—	907,507	7,087,343	1,239	7,088,582

- (1) Certain equity interests of Shanghai Kangbo International Trading Co., Ltd. and Shanghai Shuang Yu Fashion Co., Ltd. were transferred from the Group's equity holder to the Group during the year ended March 31, 2008. The transfer is accounted for as an acquisition of entities under common control. The consideration paid to the Group's equity holder was accounted for as a deemed distribution.

The notes on pages 60 to 110 are an integral part of these consolidated financial statements.



Consolidated Cash Flow Statement

For the year ended March 31, 2008

	For the year ended March 31,	
	2008 RMB'000	2007 RMB'000
Operating activities		
Profit for the year	1,116,937	614,118
Adjustments for:		
Income tax expenses	31,312	210,127
Depreciation	11,637	5,201
Interest expenses	55,280	24,724
Interest income	(61,814)	(3,993)
(Reversal of)/write down of inventories to net realizable value	(104,926)	256,609
Impairment losses on bad and doubtful debts	41,560	17,988
Share-based payment expenses	27,550	—
Operating profit before changes in working capital	1,117,536	1,124,774
Decrease/(increase) in inventories	486,373	(737,103)
Increase in trade, bills and other receivables	(674,054)	(672,796)
(Increase)/decrease in receivables due from related parties	(246,011)	166,187
(Decrease)/increase in trade and other payables	(583,418)	214,983
(Decrease)/increase in payables due to related parties	(59,250)	58,304
Cash generated from operations	41,176	154,349
Interest paid	(50,573)	(15,344)
Income tax paid	(185,473)	(73,524)
Net cash (used in)/generated from operating activities	(194,870)	65,481
Investing activities		
Acquisition of property, plant and equipment	(24,048)	(29,497)
Interest received	61,814	3,993
Proceeds from disposal of property, plant and equipment	11,897	127
Decrease/(increase) in pledged bank deposits	4,470	(7,048)
Increase in held-to-maturity investments	(612,000)	—
Net cash used in investing activities	(557,867)	(32,425)

The notes on pages 60 to 110 are an integral part of these financial statements.

Consolidated Cash Flow Statement *(continued)*

For the year ended March 31, 2008

	For the year ended March 31,	
	2008 RMB'000	2007 RMB'000
Financing activities		
Capital injections from minority equity holders	—	18,961
Net cash receipt from/(advances to) related parties	555,565	(555,565)
Proceeds from interest-bearing borrowings and equity holder loan	1,924,756	732,940
Repayment of interest-bearing borrowings and equity holder loan	(2,500,696)	(97,000)
Proceeds from issue of ordinary shares in placing and public offer, net of issuance costs	6,012,025	—
Transaction costs for transfer of convertible preference shares	—	(20,199)
Proceeds from convertible bond, net of issuance costs	—	147,267
Deemed distribution in connection with acquisition of entities under common control	(32,046)	—
Dividends paid	(756,856)	—
Net cash generated from financing activities	5,202,748	226,404
Net increase in cash and cash equivalents	4,450,011	259,460
Cash and cash equivalents at the beginning of the year	507,806	246,349
Effect of foreign currency exchange rate changes	(271,629)	1,997
Cash and cash equivalents at the end of the year	4,686,188	507,806
Supplemental disclosure of non-cash transactions:		
Purchases of inventories set off against receivables due from related parties	122,966	234,525
Dividends payable, set off against receivables due from related parties	—	166,900
Conversion of convertible preference shares into ordinary shares (Note 30)	131,896	—

The notes on pages 60 to 110 are an integral part of these financial statements.

1 Reporting Entity and Corporate Information

Bosideng International Holdings Limited (the "Company") was incorporated in the Cayman Islands on July 10, 2006 as an exempted company with limited liability under the Companies Law, Cap 22 (law 3 of 1961, as consolidated and revised) of the Cayman Islands. Its registered address is Cricket Square, Hutchins Drive, P.O. Box 2681, Grand Cayman KY1-1111, Cayman Islands. The Company and its subsidiaries (the "Group") are principally engaged in the research, design and development, raw material procurement, outsourced manufacturing, marketing and distribution of branded down apparel products in the People's Republic of China (the "PRC").

The Company's shares were listed (the "Listing") on the Main Board of the Stock Exchange of Hong Kong Limited (the "Stock Exchange") on October 11, 2007 (the "Listing Date").

2 Reorganization and Basis of Preparation

(a) Reorganization

The companies now comprising the Group underwent a reorganization (the "Reorganization") to rationalize the Group's structure in preparation for the listing of the Company's shares on the Main Board of the Stock Exchange. Details of the Reorganization are set out in the prospectus of the Company dated September 27, 2007 (the "Prospectus").

The Group is regarded as a continuing entity resulting from the Reorganization of entities under common control. The consolidated financial statements have been prepared on the basis that the Company was the holding company of the Group for both years presented, rather than from the date of the Reorganization.

Accordingly, the consolidated results of the Group for the years ended March 31, 2007 and 2008 include the results of the Company and its subsidiaries from April 1, 2006, or their respective dates of incorporation or the date that common control was established, if later, as if the current group structure had been in existence throughout the two years presented. The consolidated balance sheets at March 31, 2007 and 2008 are a consolidation of the balance sheets of the Company and its subsidiaries at the respective balance sheet dates. All material intra-group transactions and balances have been eliminated on consolidation. In the opinion of the directors, the consolidated financial statements prepared on this basis present fairly the results of operations and the state of affairs of the Group as a whole.

(b) Statement of compliance

The consolidated financial statements of the Group have been prepared in accordance with International Financial Reporting Standards ("IFRSs") and comply with the applicable disclosure requirements of the Rules Governing the Listing of Securities on The Stock Exchange of Hong Kong Limited.

For the purpose of preparing these consolidated financial statements, the Group has applied all new and revised IFRSs to the year ended March 31, 2008, except for any new standards or interpretations that are not yet effective for accounting periods beginning on April 1, 2007, as set out in Note 3(q).

(c) Basis of measurement

The consolidated financial statements have been prepared on the historical cost basis except that the compound financial instruments are stated at their fair values (see Note 3c(ii)).

The methods used to measure fair values are discussed further in Note 4.

2 Reorganization and Basis of Preparation *(continued)*

(d) Use of estimates and judgments

The preparation of financial statements in conformity with IFRSs requires management to make judgments, estimates and assumptions that affect the application of accounting policies and the reported amounts of assets, liabilities, income and expenses. Actual results may differ from these estimates.

Estimates and underlying assumptions are reviewed on an ongoing basis. Revisions to accounting estimates are recognized in the period in which the estimates are revised and in any future periods affected.

In particular, information about significant areas of estimation uncertainty and critical judgments in applying accounting policies that have the most significant effect on the amounts recognized in the consolidated financial statements are described in Note 6.

3 Summary of Significant Accounting Policies

(a) Basis of consolidation

(i) Subsidiaries

Subsidiaries are entities controlled by the Group. Control exists when the Group has the power, directly or indirectly, to govern the financial and operating policies of an entity so as to obtain benefits from its activities. In assessing control, potential voting rights that presently are exercisable or convertible are taken into account. The financial statements of subsidiaries are included in the consolidated financial statements from the date that control commences until the date that control ceases. In the Company's balance sheet, investment in subsidiaries is stated at cost less any impairment losses (see Note 3(g)).

(ii) Acquisition from entities under common control

Business combinations arising from transfers of interests in entities that are under the control of the equity holders that control the Group are accounted for as if the acquisition had occurred at the beginning of the earliest comparative period presented. The assets and liabilities acquired are recognized at the carrying amounts recognized previously in the Group's controlling equity holders' consolidated financial statements. The components of equity of the acquired entities are added to the same components within Group equity except that any share capital of the acquired entities is recognized as part of reserves. Any cash paid for the acquisition is recognized directly in equity.

(iii) Transactions eliminated on consolidation

Intra-group balances, transactions and any unrealized gains and losses arising from intra-group transactions are eliminated in full in preparing the consolidated financial statements.

(iv) Transactions with minority interests

Minority interests at the balance sheet date, being the portion of the net assets of subsidiaries attributable to equity interests that are not owned by the Group, whether directly or indirectly by subsidiaries, are presented in the consolidated balance sheet and consolidated statement of changes in equity, separately from equity attributable to the equity holders of the Group. Minority interests in the results of the Group are presented on the face of the consolidated income statement as an allocation of the total profit or loss for the year between minority interests and the equity holders of the Group.

3 Summary of Significant Accounting Policies (continued)

(a) Basis of consolidation (continued)

(iv) Transactions with minority interests (continued)

Transactions with minority equity holders of the Group are at book value and classified as equity transactions. Accordingly, when the Group acquires minority interests of its subsidiaries, the difference between the amounts of consideration and carrying values of minority interests are recognized as reserve movement.

Where losses applicable to the minority exceed the minority's interest in the equity of a subsidiary, the excess, and any further losses applicable to the minority, are charged against the Group's interest except to the extent that the minority has a binding obligation to, and is able to, make additional investment to cover the losses. If the subsidiary subsequently reports profits, the Group's interest is allocated all such profits until the minority's share of losses previously absorbed by the Group has been recovered.

(b) Foreign currency

(i) Functional and presentation currency

Items included in the financial statements of each entity in the Group are measured using the currency that best reflects the economic substance of the underlying events and circumstances relevant to the entity ("functional currency"). The consolidated financial statements are presented in RMB ("presentation currency").

All financial information presented in RMB has been rounded to the nearest thousand, unless otherwise stated.

(ii) Foreign currency transactions

Transactions in foreign currencies are translated to the respective functional currencies of Group entities at the exchange rates at the dates of the transactions. Monetary assets and liabilities denominated in foreign currencies at the reporting date are retranslated to the functional currency at the exchange rate at that date. The foreign currency gain or loss on monetary items is the difference between the amortized cost in the functional currency at the beginning of the period, adjusted for effective interest and payments during the period, and the amortized cost in foreign currency translated at the exchange rate at the end of the period. Non-monetary assets and liabilities denominated in foreign currencies that are measured at fair value are retranslated to the functional currency at the exchange rate at the date that the fair value was determined. Foreign currency differences arising on retranslation are recognized in profit or loss.

(iii) Financial statements of foreign operations

The assets and liabilities of foreign operations are translated to RMB at exchange rates at the reporting date. Income statements and cash flows of foreign entities are translated into RMB at the average exchange rates for the financial period. Exchange differences arising are recognized directly in equity as foreign currency translation reserve ("FCTR"). When a foreign operation is disposed of in part or in full, the relevant amount in the FCTR is transferred to profit or loss.

Foreign exchange gains and losses arising from a monetary item receivable from or payable to a foreign operation, the settlement of which is neither planned nor likely in the foreseeable future, are considered to form part of a net investment in a foreign operation and are recognized directly in equity in the FCTR.

3 Summary of Significant Accounting Policies *(continued)*

(c) Financial instruments

(i) Non-derivative financial instruments

Non-derivative financial instruments comprise held-to-maturity investments, trade, bills and other receivables, pledged bank deposits, cash and cash equivalents, interest-bearing borrowings, and trade and other payables.

Non-derivative financial instruments are recognized initially at fair value plus, for instruments not at fair value through profit or loss, any directly attributable transaction costs. Subsequent to initial recognition non-derivative financial instruments are measured at amortized cost using the effective interest method, less any impairment losses.

Cash and cash equivalents comprise cash balances and call deposits. Bank overdrafts that are repayable on demand and form an integral part of the Group's cash management are included as a component of cash and cash equivalents for the purpose of the statement of cash flows.

Accounting for finance income and expenses is discussed in Note 3(l)(ii).

(ii) Compound financial instruments

Compound financial instruments issued by the Group comprise convertible redeemable preference shares that are redeemable on a specific date or at the option of the holders, and can be converted to share capital at the option of the holders. The number of shares to be issued does not vary with changes in their fair value. The compound financial instruments consist of a liability component, an equity component and an embedded derivative which is not closely related to the host contract. The liability component of a compound financial instrument is recognized initially at the fair value of a similar liability that does not have an equity conversion option. The equity component is recognized initially as the difference between the fair value of the compound financial instrument as a whole and the fair value of the liability component and the embedded derivative. Any directly attributable transaction costs are allocated to the liability and equity components in proportion to their initial carrying amounts.

Subsequent to initial recognition, the liability component of compound financial instruments is measured at amortized cost using the effective interest method, unless it is designated as being at fair value through profit or loss. The equity component of compound financial instruments is not remeasured subsequent to initial recognition.

The embedded derivative was initially recognized at fair value, which was evaluated by the Company's directors based on the likelihood at the inception date of whether the embedded derivative would be discharged (Note 30). The embedded derivative was discharged prior to the balance sheet date.

(iii) Share capital

Ordinary shares

Incremental costs directly attributable to the issue of ordinary shares and share options are recognized as a deduction from equity.

Convertible preference shares

Convertible preference shares are classified as equity as they are non-redeemable, and any dividends are discretionary. Dividends thereon are recognized as distributions within equity. The convertible preference shares can be converted to share capital at the option of the holders, and the number of shares to be issued does not vary with changes in their fair value.

3 Summary of Significant Accounting Policies (continued)

(d) Goodwill

All business combinations, other than combinations of entities under common control, are accounted for by applying the purchase method. Goodwill represents the excess between the cost of the acquisition over the Group's interest in the net fair value of the net identifiable assets, liabilities and contingent liabilities of the acquiree. When the excess is negative (negative goodwill), it is recognized immediately in profit or loss. Goodwill is stated at cost less any accumulated impairment losses (see Note 3(g)). In respect of equity accounted investees, the carrying amount of goodwill is included in the carrying amount of the investment.

(e) Property, plant and equipment

(i) Owned assets

Items of property, plant and equipment are stated at cost less accumulated depreciation (see below) and impairment losses (see Note 3(g)). Cost includes expenditures that are directly attributable to the acquisition of the asset. The cost of self-constructed assets includes the cost of materials, direct labor, the initial estimate, where relevant, of the costs of dismantling and removing the items and restoring the site on which they are located, and an appropriate proportion of production overheads. Where parts of an item of property, plant and equipment have different useful lives, they are accounted for as separate items of property, plant and equipment.

(ii) Subsequent costs

The Group recognizes in the carrying amount of an item of property, plant and equipment the cost of replacing part of such an item when that cost is incurred if it is probable that the future economic benefits embodied with the item will flow to the Group and the cost of the item can be measured reliably. All other costs are recognized in the income statement as an expense as incurred.

(iii) Depreciation

Depreciation is calculated to write off the cost or valuation of items of property, plant and equipment, less their estimated residual value, if any, using the straight-line basis over their estimated useful lives. The estimated useful lives are as follows:

Machinery	5–10 years
Motor vehicles and others	5 years

The residual value, if not insignificant, is reassessed annually.

(iv) Retirement and disposal

Gains or losses arising from the retirement or disposal of property, plant and equipment are determined as the difference between the estimated net disposal proceeds and the carrying amount of the asset and are recognized in the income statement on the date of retirement or disposal.

(v) Construction in progress

Construction in progress is stated at cost less impairment losses (see Note 3(g)). Cost comprises direct costs of construction during the period of construction and installation. Capitalization of these costs ceases and the construction in progress is transferred to property, plant and equipment when substantially all of the activities necessary to prepare the assets for their intended use are completed. No depreciation is provided in respect of construction in progress until it is completed and substantially ready for its intended use.

3 Summary of Significant Accounting Policies *(continued)*

(f) Inventories

Inventories are stated at the lower of cost and net realizable value. The cost of inventories is computed using the weighted average method and includes expenditure incurred in acquiring the inventories to bring them to their existing location and condition. In the case of manufactured inventories and work in progress, cost includes direct labor and an appropriate share of overheads based on normal operating capacity. Net realizable value is the estimated selling price in the ordinary course of business, less the estimated costs of completion and selling expenses.

(g) Impairment

(i) Financial assets

A financial asset is assessed at each reporting date to determine whether there is any objective evidence that it is impaired. A financial asset is considered to be impaired if objective evidence indicates that one or more events have had a negative effect on the estimated future cash flows of that asset.

An impairment loss in respect of a financial asset measured at amortized cost is calculated as the difference between its carrying amount and the present value of the estimated future cash flows discounted at the original effective interest rate.

Individually significant financial assets are tested for impairment on an individual basis. The remaining financial assets are assessed collectively in groups that share similar credit risk characteristics.

All impairment losses are recognized in profit or loss.

An impairment loss is reversed if the reversal can be related objectively to an event occurring after the impairment loss was recognized. For financial assets measured at amortized cost and available-for-sale financial assets that are debt securities, the reversal is recognized in profit or loss.

(ii) Non-financial assets

The carrying amounts of the Group's non-financial assets, other than inventories and deferred tax assets, are reviewed at each reporting date to determine whether there is any indication of impairment. If any such indication exists then the asset's recoverable amount is estimated. For goodwill or intangible assets that have indefinite lives or that are not yet available for use, the recoverable amount is estimated at each reporting date. The recoverable amount of an asset or cash-generating unit is the greater of its value in use and its fair value less costs to sell. In assessing value in use, the estimated future cash flows are discounted to their present value using a pre-tax discount rate that reflects current market assessments of the time value of money and the risks specific to the asset. For the purpose of impairment testing, assets are grouped together into the smallest group of assets that generates cash inflows from continuing use that are largely independent of the cash inflows of other assets or groups of assets (the "cash-generating unit"). The goodwill acquired in a business combination, for the purpose of impairment testing, is allocated to cash-generating units that are expected to benefit from the synergies of the combination.

An impairment loss is recognized if the carrying amount of an asset or its cash-generating unit exceeds its recoverable amount. A cash-generating unit is the smallest identifiable asset group that generates cash flows that largely are independent from other assets and groups. Impairment losses are recognized in profit or loss.

3 Summary of Significant Accounting Policies (continued)

(g) Impairment (continued)

(ii) Non-financial assets (continued)

Impairment losses recognized in respect of cash-generating units are allocated first to reduce the carrying amount of any goodwill allocated to the units and then to reduce the carrying amount of the other assets in the unit (group of units) on a pro rata basis.

(h) Dividends

Dividends are recognized as a liability in the period in which they are declared.

(i) Employee benefits

(i) Short term employee benefits

Salaries, annual bonuses and staff welfare are accrued in the year in which the associated services are rendered by employees of the Group.

(ii) Defined contribution retirement plans

Obligations for contributions to local defined contribution retirement schemes pursuant to the relevant labor rules and regulations in the PRC are recognized as an expense in the consolidated income statement when they are due, except to the extent that they are included in the cost of inventories not yet recognized as an expense.

(iii) Termination benefits

Termination benefits are recognized as an expense when the Group is demonstrably committed, without realistic possibility of withdrawal, to a formal detailed plan to terminate employment before the normal retirement date, or to provide termination benefits as a result of an offer made to encourage voluntary redundancy. Termination benefits for voluntary redundancies are recognized as an expense if the Group has made an offer encouraging voluntary redundancy, it is probable that the offer will be accepted, and the number of acceptances can be estimated reliably.

(iv) Share-based payment transactions

The grant date fair value of shares granted to employees is recognized as an employee expense, with a corresponding increase in equity, over the period that the employees become unconditionally entitled to the options. The amount recognized as an expense is adjusted to reflect the actual number of shares that vest.

Share-based payment transactions in which the Company grants shares to subsidiaries' employees are accounted for as an increase in value of investment in subsidiary in the Company's balance sheet which is eliminated on consolidation.

(j) Provisions and contingent liabilities

Provisions are recognized for liabilities of uncertain timing or amount when the Group has a present legal or constructive obligation arising as a result of a past event, it is probable that an outflow of economic benefits will be required to settle the obligation and a reliable estimate can be made. Where the time value of money is material, provisions are stated at the present value of the expenditures expected to settle the obligation. Where it is not probable that an outflow of economic benefits will be required, or the amount cannot be estimated reliably, the obligation is disclosed as a contingent liability, unless the probability of outflow of economic benefits is remote. Possible obligations, whose existence will only be confirmed by the occurrence or non-occurrence of one or more future events, are also disclosed as contingent liabilities unless the probability of outflow of economic benefits is remote.

3 Summary of Significant Accounting Policies *(continued)*

(k) Revenue

(i) Sales of goods

Revenue from the sale of goods is measured at the fair value of the consideration received or receivable, net of value added tax ("VAT") or other sales taxes, returns or allowances, trade discounts and volume rebates. Revenue is recognized in the income statement when the significant risks and rewards of ownership have been transferred to the customers. No revenue is recognized if there are significant uncertainties regarding recovery of the consideration due, associated costs or the possible return of goods, also continuing management involvement with the goods.

Sales of down apparels to distributors in the PRC and sales of OEM apparels overseas are recognized in accordance with the terms of delivery, provided the collectibility of sales proceeds is reasonably assured. Sales of down apparels through department and retail stores are recognized at the time of sale to the retail end customers.

(ii) Provision of services

Fees from import and export agency services rendered are recognized in the income statement as and when the services are performed.

(iii) Government grants

Unconditional discretionary government grants from the local PRC government authorities are recognized in the income statement as other income on a cash receipt basis.

(iv) Royalty income

Royalties arising from the use by others of the Group's brands are recognized in other income on an accrual basis in accordance with the substance of the relevant agreement.

(l) Expenses

(i) Operating lease payments

Payments made under operating leases are recognized in the income statement on a straight-line basis over the term of the respective leases. Lease incentives received are recognized in the income statement as an integral part of the total lease expense.

(ii) Finance income and expenses

Finance income comprises interest income on cash deposits in bank, changes in fair value of financial assets at fair value through profit or loss and foreign currency gains that are recognized in profit or loss. Interest income is recognized as it accrues, using the effective interest method.

Finance expenses comprise interest expenses on borrowings, net of interest capitalized, changes in fair value of financial assets at fair value through profit or loss and foreign currency losses that are recognized in profit or loss. All borrowing costs are calculated using the effective interest rate method.

(iii) Borrowing costs

Interest payable on borrowings calculated using the effective interest rate method is expensed in the income statement in the period in which it is incurred, except to the extent that it is capitalized as being directly attributable to the acquisition, construction or production of an asset which necessarily takes a substantial period of time to get ready for its intended use or sale.

3 Summary of Significant Accounting Policies (continued)

(l) Expenses (continued)

(iii) Borrowing costs (continued)

The capitalization of borrowing costs as part of the costs of the qualifying assets commences when expenditures for the assets are being incurred, borrowing costs are being incurred and activities that are necessary to prepare the assets for their intended use or sale are in progress. Capitalization of borrowing costs ceases when substantially all the activities necessary to prepare the qualifying assets ready for their intended use or sale are complete.

(m) Income tax

Income tax expense comprises current and deferred tax. Income tax is recognized in the income statement except to the extent that it relates to items recognized directly in equity, in which case it is recognized in equity.

Current tax is the expected tax payable on the taxable income for the period or year, using tax rates enacted or substantially enacted at the balance sheet date, and any adjustment to tax payable in respect of previous periods or years.

Deferred tax is recognized using the balance sheet method, providing for temporary differences between the carrying amounts of assets and liabilities for financial reporting purposes and the amounts used for taxation purposes. Deferred tax is not recognized for the following temporary differences: the initial recognition of goodwill, the initial recognition of assets and liabilities in a transaction that is not a business combination and that affects neither accounting nor taxable profit, and the differences relating to investments in subsidiaries and jointly controlled entities to the extent that they probably will not reverse in the foreseeable future. Deferred tax is measured at the tax rates that are expected to be applied to the temporary differences when they reverse, based on the laws that have been enacted or substantively enacted by the reporting date. Deferred tax assets and liabilities are offset if there is a legal enforceable right to offset current tax liabilities and assets, and they relate to income taxes levied by the same tax authority on the same taxable entity, or on different tax entities, but they intend to settle current tax liabilities and assets on a net basis or their tax assets and liabilities will be realized simultaneously.

A deferred tax asset is recognized to the extent that it is probable that future taxable profits will be available against which the temporary differences can be utilized. Deferred tax assets are reviewed at each reporting date and are reduced to the extent that it is no longer probable that the related tax benefit will be realized.

Additional income taxes that arise from the distribution of dividends are recognized at the same time as the liability to pay the related dividend is recognized.

(n) Earnings per share

The Group presents basic and diluted earnings per share ("EPS") data for its ordinary shares. Basic EPS is calculated by dividing the profit or loss attributable to ordinary share holders of the Group by the weighted average number of ordinary shares outstanding during the period. Diluted EPS is determined by adjusting the profit or loss attributable to ordinary share holders and the weighted average number of ordinary shares outstanding for the effects of all dilutive potential ordinary shares, which comprise convertible redeemable preference shares and convertible preference shares.

3 Summary of Significant Accounting Policies *(continued)*

(o) Related parties

Parties are considered to be related to an entity in the Group if the party has the ability, directly or indirectly, to control the entity or exercise significant influence over the entity in making financial and operating decisions, or vice versa, or where the entity and the party are subject to common control or common significant influence. Related parties may be individuals (being members of key management personnel, significant equity holders and/or their close family members) or other entities and include entities which are under the significant influence of related parties of the Group where those parties are individuals, post-employment benefit plans which are for the benefit of employees of the Group or of any entity that is a related party of the Group.

(p) Segment reporting

A segment is a distinguishable component of the Group that is engaged either in providing products or services (business segment), or in providing products or services within a particular economic environment (geographical segment), which is subject to risks and rewards that are different from those of other segments.

In accordance with the Group's internal financial reporting system, the Group has chosen business segment information as the reporting format for the purposes of these consolidated financial statements. No geographical segment information is separately presented as the Group's business segments are mainly managed and operated in the PRC. The major market of the Group's business segments is the PRC.

Segment revenue, expenses, results, assets and liabilities include items directly attributable to a segment as well as those that can be allocated on a reasonable basis to that segment. Segment revenue, expenses, assets, and liabilities are determined before intra-group balances, and intra-group transactions are eliminated as part of the combination process. Unallocated items comprise mainly income-earning assets, interest-bearing borrowings and expenses, and corporate assets and expenses. Segment capital expenditure is the total cost incurred during the period to acquire segment assets that are expected to be used for more than one period.

3 Summary of Significant Accounting Policies (continued)

(q) New or revised standards and interpretations not yet adopted

At the date of this report, the IASB has issued the following new or revised IFRSs and interpretations which are not yet effective in respect of the year ended March 31, 2008. The Group has not early adopted these IFRSs and interpretations in the preparation of the financial statements.

	Effective for accounting periods beginning on or after
Revised IAS 23, Borrowing costs	January 1, 2009
Amendments to IAS 32, Financial instruments: Presentation and IAS 1, Presentation of financial statements — Puttable financial instruments and obligations arising on liquidation	January 1, 2009
Amendment to IFRS 2, Share-based payment — Vesting conditions and cancellations	January 1, 2009
Revised IFRS 3, Business combinations and Amendments to IAS 27, Consolidated and separate financial statements	July 1, 2009
IFRS 8, Operating segments	January 1, 2009
IFRIC 12, Service concession arrangements	January 1, 2008
IFRIC 13, Customer loyalty programmes	July 1, 2008
IFRIC 14, IAS 19 — The limit on a defined benefit asset, minimum funding requirements and their interaction	January 1, 2008

The directors have confirmed that the above IFRSs and interpretations do not have a significant impact on how the results of operations and financial position for the year ended March 31, 2008 are prepared and presented. These IFRSs and interpretations may result in changes in the future as to how the results and financial position of the Group are prepared and presented.

4 Determination of Fair Values

(a) Convertible redeemable preference shares

The liability component of the convertible redeemable preference shares is recognized initially at the fair value of a similar liability that does not have an equity conversion option, which is the present value of the contractually determined stream of future cashflows discounted at the market interest rate applicable to the Company.

(b) Grant date fair value of employees shares

The grant date fair value of employees shares is measured at the estimated market price, which is determined based on a valuation analysis performed by an independent valuer based on various generally accepted valuation methodologies.

(c) Cash and cash equivalents, trade and other receivables, and trade and other payables

The carrying values approximate fair value because of the short maturities of these instruments.

(d) Interest-bearing borrowings

The carrying amount of bank loans approximates their fair value based on the borrowing rate currently available for bank loans with similar terms and maturity.

5 Financial Instruments

The Group has exposure to the following risks from its use of financial instruments:

- credit risk
- liquidity risk
- interest rate risk
- foreign currency risk
- capital management risk
- business risk

This note presents information about the Group's exposure to each of the above risks, the Group's objectives, policies and processes for measuring and managing risk, and the Group's management of capital. Further quantitative disclosures are included throughout these consolidated financial statements. The Company's board of directors (the "Board") has overall responsibility for the establishment and oversight of the Group's risk management framework. The risks are mitigated by various measures as disclosed below.

(a) Credit risk

(i) Trade and other receivables

The Group's credit risk is primarily attributable to trade and other receivables. Management has a credit policy in place and the exposure to credit risk is monitored on an ongoing basis.

In respect of trade and other receivables, credit evaluations are performed on all customers requiring credit over a certain amount. These receivables are in general due within 30 to 90 days from the date of billing. Debtors with overdue balances are requested to settle all outstanding balances before any further credit is granted. Normally, the Group does not obtain collateral from customers.

The Group's exposure to credit risk is influenced mainly by the individual characteristics of each customer. The default risk of the industry and country in which customers operate also has an influence on credit risk but to a lesser extent. The Group has no significant concentrations of credit risk.

The maximum exposure to credit risk without taking account of any collateral is represented by the carrying amount of trade and other receivables in the balance sheet after deducting any impairment allowance. The Group does not provide any other guarantees which would expose the Group to credit risk.

Further quantitative disclosures in respect of the Group's exposure to credit risk arising from trade and other receivables are set out in Note 23.

5 Financial Instruments (continued)

(a) Credit risk (continued)

(ii) Deposits with banks

The Group mitigates its exposure to credit risk by placing deposits with financial institutions with established credit ratings. Given the high credit ratings of the banks, management does not expect any counterparty to fail to meet its obligations.

(iii) Held-to-maturity investments

Held-to-maturity investments are arranged with financial institutions with established credit ratings. Pursuant to the agreements with financial institutions, there is no credit risk on the principal amounts, as the principals of held-to-maturity investments are guaranteed.

(b) Liquidity risk

Liquidity risk is the risk that the Group will not be able to meet its financial obligations as they fall due. The Group's policy is to regularly monitor current and expected liquidity requirements and its compliance with lending covenants, to ensure that it maintains sufficient reserves of cash and readily realizable marketable securities and adequate committed lines of funding from major financial institutions to meet its liquidity requirements in the short and longer term.

The following table details the remaining contractual maturities at the balance sheet date of the Group's and the Company's financial liabilities, which are based on contractual undiscounted cash flows (including interest payments computed using contractual rates or, if floating, based on rates current at the balance sheet date) and the earliest date the Group and the Company can be required to pay:

	2008			2007		
	Carrying amount RMB'000	Total contracted undiscounted cash flow RMB'000	Within 1 year or on demand RMB'000	Carrying amount RMB'000	Total contracted undiscounted cash flow RMB'000	Within 1 year or on demand RMB'000
The Group						
Interest-bearing borrowings	60,000	(63,690)	(63,690)	240,000	(245,519)	(245,519)
Equity holder loan	—	—	—	395,940	(402,959)	(402,959)
Trade and other payables	617,687	(617,687)	(617,687)	1,490,526	(1,490,526)	(1,490,526)
Payables due to related parties	22,202	(22,202)	(22,202)	81,452	(81,452)	(81,452)
Liability component of convertible redeemable preference shares	—	—	—	127,189	(131,896)	—
	699,889	(703,579)	(703,579)	2,335,107	(2,352,352)	(2,220,456)
The Company						
Equity holder loan	—	—	—	395,940	(401,219)	(401,219)
Trade and other payables	—	—	—	10,721	(10,721)	(10,721)
Payables due to a subsidiary	6,668	(6,668)	(6,668)	—	—	—
Liability component of convertible redeemable preference shares	—	—	—	127,189	(131,896)	—
	6,668	(6,668)	(6,668)	533,850	(543,836)	(411,940)

5 Financial Instruments (continued)

(c) Interest rate risk

(i) Interest rate profile

The Group's interest rate risk arises primarily from bank borrowings and cash at bank. All of the bank loans of the Group were fixed rate instruments and were insensitive to any change in market interest rates. The Group did not use derivative financial instruments to hedge its debt obligations. The following table details the interest rate profile of the Group's and the Company's interest-generating financial assets and interest-bearing financial liabilities at the balance sheet date:

	2008		2007	
	Effective Interest rate	RMB'000	Effective Interest rate	RMB'000
The Group				
Interest-bearing borrowings	7.10%	(60,000)	5.52%	(240,000)
Equity holder loan	—	—	2.00%	(395,940)
Liability component of convertible redeemable preference shares	—	—	13.26%	(127,189)
Held-to-maturity investments	3.79%	612,000	—	—
Cash and cash equivalents	1.36%	4,686,188	0.67%	507,806
Pledged deposits	0.72%	2,578	0.72%	7,048
The Company				
Equity holder loan	—	—	2.00%	(395,940)
Liability component of convertible redeemable preference shares	—	—	13.26%	(127,189)
Cash and cash equivalents	2.12%	2,245,118	0.10%	25,819

(ii) Sensitivity analysis

At March 31, 2008, it is estimated that a general increase/decrease of 5 basis points in interest rates, with all other variables held constant, would increase/(decrease) the Group's profit after tax and retained earnings for the year by approximately RMB2,982,000 (2007: RMB(1,741,000)). Other components of equity would not be affected by the changes in interest rates.

The sensitivity analysis above has been determined assuming that the change in interest rates had occurred at the balance sheet date and had been applied to the exposure to interest rate risk for financial instruments in existence at that date. The 5 basis points increase or decrease represents management's assessment of a reasonably possible change in interest rates over the period until the next annual balance sheet date. The analysis is performed on the same basis for 2007.

5 Financial Instruments (continued)

(d) Foreign currency risk

Renminbi is not freely convertible into foreign currencies. All foreign exchange transactions involving Renminbi have to take place through the People's Bank of China or other institutions authorized to buy and sell foreign exchange. The exchange rates adopted for the foreign exchange transactions are the rates of exchange quoted by the People's Bank of China that are determined largely by supply and demand. The Group is exposed to foreign currency risk primarily through sales and purchases as well as bank deposits that are denominated in a currency other than the functional currency of the operations to which they relate. The currency giving rise to this risk is primarily United States Dollars and Hong Kong Dollars.

(i) Exposure to currency risk

The following table details the Group's and the Company's major exposure at the balance sheet date to currency risk arising from forecast transactions or recognized assets or liabilities denominated in a currency other than the functional currency of the entity to which they relate.

	The Group			
	2008		2007	
	US\$'000	HK\$'000	US\$'000	HK\$'000
Trade and other receivables	626	—	1,352	—
Receivables due from related parties	50	—	50	—
Cash and cash equivalents	273,208	652,057	7,072	—
Trade and other payables	(20)	—	(2,372)	—
Payables due to related parties	(1,000)	—	—	—
Equity holder loan	—	—	(50,000)	—
Liability component of convertible redeemable preference shares	—	—	(16,445)	—
Overall net exposure	272,864	652,057	(60,343)	—

	The Company			
	2008		2007	
	US\$'000	HK\$'000	US\$'000	HK\$'000
Receivables due from related parties	—	—	50	—
Cash and cash equivalents	238,014	637,153	3,338	—
Trade and other payables	—	—	(1,386)	—
Payables due to a subsidiary	(950)	—	—	—
Equity holder loan	—	—	(50,000)	—
Liability component of convertible redeemable preference shares	—	—	(16,445)	—
Overall net exposure	237,064	637,153	(64,443)	—

5 Financial Instruments (continued)

(d) Foreign currency risk (continued)

(ii) Sensitivity analysis

The following table indicates the approximate change in the Group's profit after tax (and retained earnings) and other components of equity in response to reasonably possible changes in the foreign exchange rates to which the Group has significant exposure at the balance sheet date. The sensitivity analysis includes bank deposits where the denomination of the balances is in a currency other than the functional currencies.

	Increase/ (decrease) in foreign exchange rate in %	2008 Effect on after tax and retained earnings RMB'000	Effect on other components of equity RMB'000	Increase/ (decrease) in foreign exchange rate in %	2007 Effect on after tax and retained earnings RMB'000	Effect on other components of equity RMB'000
Hong Kong dollars	10%	—	58,809	10%	—	—
United States dollars	10%	25,024	166,499	10%	3,121	(49,791)

The sensitivity analysis has been determined assuming that the change in foreign exchange rates had occurred at the balance sheet date and had been applied to each of the Group entities' exposure to currency risk for both derivative and non-derivative financial instruments in existence at that date, and that all other variables, in particular interest rates, remain constant.

The stated changes represent management's assessment of reasonably possible changes in foreign exchange rates over the period until the next annual balance sheet date. Results of the analysis as presented in the above table represent an aggregation of the effects on each of the Group entities' profit after tax and equity measured in the respective functional currencies, translated into Renminbi at the exchange rate ruling at the balance sheet date for presentation purposes. The analysis is performed on the same basis for 2007.

The Group ensures that the net exposure is kept to an acceptable level by buying or selling foreign currencies at spot rates where necessary to address short-term imbalances.

(e) Capital management

The Group's policy is to maintain a strong capital base so as to maintain investor, creditor and market confidence and to sustain future development of the business. The Board actively reviews and manages its capital structures in the light of changes in economic conditions so as to optimize the capital position. The Board also monitors the level of dividends to ordinary shareholders.

When the directors are of the view that repurchases of share would benefit shareholders as a whole, the Group purchases its own shares on the market; the timing of these purchases depends on market circumstances. Buy and sell decisions are made on a specific transaction basis by the Board.

Consistent with industry practice, the Group monitors its capital structure on the basis of a debt-to-equity ratio. This ratio is calculated as total debts divided by shareholders' equity.

5 Financial Instruments (continued)

(e) Capital management (continued)

The debt-to-equity ratio as at March 31, 2008 was as follows:

	Note	The Group		The Company	
		2008 RMB'000	2007 RMB'000	2008 RMB'000	2007 RMB'000
Debts:					
— Trade and other payables	33	617,687	1,490,526	—	10,721
— Payables due to related parties	35(d)	22,202	81,452	6,668	—
— Interest-bearing loans	32	60,000	240,000	—	—
— Equity holder loan		—	395,940	—	395,940
— Liability component of convertible redeemable preference shares		—	127,189	—	127,189
Total debts		699,889	2,335,107	6,668	533,850
Shareholders' equity/(deficit)		7,087,343	555,198	6,109,851	(4,765)
Debt-to-equity ratio		10%	421%	0%	(11204%)

There were no changes in the Group's approach to capital management during the year.

Neither the Company nor any of its subsidiaries are subject to externally imposed capital requirements.

(f) Business risk

The Group's primary business is the design, outsourced manufacturing and distribution of branded down apparel products which experiences seasonal fluctuations. As such, the sales volumes and revenue in the second half of the financial year are substantially higher than those during the first half of the financial year. The Group's financial results are influenced by the weather conditions during the year and the rapidity with which designs are copied by competitors and reproduced at much lower prices, as well as by the Group's ability to develop new designs that capture market demand, maintain an effective distribution network, manufacture sufficient quantities to meet cyclical sales, manage an optional level of inventories. Based on these factors, the Group may experience significant fluctuations in its future financial results.

6 Accounting Estimates and Judgments

(a) Net realizable value of inventories

Net realizable value of inventories is the estimated selling price in the ordinary course of business, less estimated costs of completion and selling expenses. These estimates are based on the current market condition and the historical experience of distributing and selling products of similar nature (such as the estimated timing of inventories to be used or sold and estimated selling price of inventories in accordance to the Group's sales and marketing strategies formulated with reference to the market and weather conditions as well as customer taste and purchasing power). They could change significantly as a result of competitor actions in response to severe industry cycles or other changes in market condition. Management will reassess the estimations at each balance sheet date.

(b) Impairment for bad and doubtful debts

The Group estimates impairment losses for bad and doubtful debts resulting from inability of the customers to make the required payments. The Group bases the estimates on the aging of the accounts receivable balance, customer credit-worthiness, and historical write-off experience. If the financial condition of the customers were to deteriorate, actual write-offs would be higher than estimated.

(c) Income tax

Determining income tax provision involves judgment on the future tax treatment of certain transactions. The Group carefully evaluates tax implications of transactions and tax provisions are set up accordingly. The tax treatment of such transactions is reconsidered periodically to take into account all changes in tax legislations. Deferred tax assets are recognized for tax losses not yet used and temporary deductible differences. As those deferred tax assets can only be recognized to the extent that it is probable that future taxable profit will be available against which the unused tax credits can be utilized, management's judgment is required to assess the probability of future taxable profits. Management's assessment is constantly reviewed and additional deferred tax assets are recognized if it becomes probable that future taxable profits will allow the deferred tax asset to be recovered.

7 Revenue and Segment Reporting

Segment information is presented in respect of the Group's business segments, which are the primary basis of segment reporting. The business segment reporting format reflects the Group's management and internal reporting structure.

(a) Business segment

The Group comprises the following main business segments:

- Down apparels — The down apparels segment carries on the business of sourcing and distributing down apparels.
- OEM management — The OEM management segment carries on the business of sourcing and distributing OEM apparels.

7 Revenue and Segment Reporting (continued)

(a) Business segment (continued)
For the year ended March 31, 2008

(i) Revenue and expenses

	For the year ended March 31, 2008		
	Down apparels RMB'000	OEM management RMB'000	Group RMB'000
Total segment revenues	4,654,306	625,110	5,279,416
Segment results	1,003,453	50,543	1,053,996
Government grants			51,360
Unallocated income			11,581
Profit for the year			1,116,937

(ii) Assets and liabilities

	At March 31, 2008		
	Down apparels RMB'000	OEM management RMB'000	Total RMB'000
Segment assets	5,481,719	159,431	5,641,150
Unallocated assets			2,260,321
Total assets			7,901,471
Segment liabilities	(760,232)	(12,638)	(772,870)
Unallocated liabilities			(40,019)
Total liabilities			(812,889)
Capital expenditures incurred	24,048	—	24,048

Notes to the Consolidated Financial Statements (continued)

7 Revenue and Segment Reporting (continued)

(a) Business segment (continued) For the year ended March 31, 2007

(i) Revenue and expenses

	For the year ended March 31, 2007		
	Down apparels RMB'000	OEM management RMB'000	Group RMB'000
Total segment revenues	4,980,569	652,398	5,632,967
Segment results	564,179	51,422	615,601
Government grants			12,116
Unallocated expenses			(13,599)
Profit for the year			614,118

(ii) Assets and liabilities

	At March 31, 2007		
	Down apparels RMB'000	OEM management RMB'000	Total RMB'000
Segment assets	2,992,891	113,666	3,106,557
Unallocated assets			48,067
Total assets			3,154,624
Segment liabilities	(1,936,330)	(60,859)	(1,997,189)
Unallocated liabilities			(586,151)
Total liabilities			(2,583,340)
Capital expenditures incurred	29,497	—	29,497

(b) Geographical segment

As the Group mainly operates in the PRC, no geographical segment information has been presented.

8 Other Income

	Note	For the year ended March 31,	
		2008 RMB'000	2007 RMB'000
Royalty income	(i)	12,447	50,429
Government grants	(ii)	51,360	12,116
		63,807	62,545

(i) Royalty income arises from the use by other entities of the Group's brands.

(ii) The Group received unconditional discretionary grants amounting to RMB51,360,000 for the year ended March 31, 2008 (2007: RMB12,116,000) from various local Chinese government authorities in recognition of the Group's contribution to the development of the local economies.

9 Distribution Expenses

	For the year ended March 31,	
	2008 RMB'000	2007 RMB'000
Advertising	304,507	292,040
Promotion	251,687	280,421
Concessionaire fees	265,847	299,477
Sales commission	38,000	31,274
Salary and welfare	93,729	64,656
Sales tax and surcharges	6,206	9,769
Entertainment and traveling	68,599	46,832
Rental	21,326	12,952
Others	56,698	54,340
Total	1,106,599	1,091,761

10 Personnel Expenses

	For the year ended March 31,	
	2008 RMB'000	2007 RMB'000
Salaries, wages and other benefits	110,432	81,851
Contributions to defined contribution plans	6,963	4,892
Share-based payment expenses (Note 31)	27,550	—
	144,945	86,743

Contributions made by the Group to pension funds are dealt with in the consolidated income statement when incurred. According to the respective pension fund regulations, the Group contributes to pension funds based on certain percentages of the average salary level according to the requirements of the various provinces in which its operations are located. The Group remits all pension fund contributions to the respective social security offices, which are responsible for the payment and liabilities relating to the pension funds. The Group has no obligation for the payment of retirement and other post-retirement benefits of employees other than the contributions described above.

Notes to the Consolidated Financial Statements *(continued)*

11 Expenses by Nature

The following expenses are included in cost of sales, distribution expenses and administrative expenses:

	For the year ended March 31,	
	2008 RMB'000	2007 RMB'000
Cost of inventories recognized as expenses included in cost of sales	2,975,540	3,388,900
(Reversal of)/write down of inventories to net realizable value	(104,926)	256,609
Depreciation	11,637	5,201
Operating lease charges	29,253	11,281
Impairment losses for bad and doubtful debts	41,560	17,988
Auditors' remuneration	6,693	300

12 Net Financing Expenses

	For the year ended March 31,	
	2008 RMB'000	2007 RMB'000
Interest income on bank deposits	61,814	3,993
Finance income	61,814	3,993
Interest on convertible redeemable preference shares	(8,501)	(9,380)
Interest on interest-bearing borrowings and equity holder loan wholly repayable within five years	(46,779)	(15,344)
Bank charges	(4,582)	(1,164)
Net foreign exchange loss	(17,451)	(8,780)
Finance expenses	(77,313)	(34,668)
Net financing expenses	(15,499)	(30,675)

No interest was capitalized during the years.

13 Income Tax Expenses

- (a) Income tax in the consolidated income statement represents:

	For the year ended March 31,	
	2008 RMB'000	2007 RMB'000
Current tax expenses		
Provision for PRC income tax	17,240	210,127
Deferred tax expenses		
Origination of temporary differences (Note 20)	14,072	—
	31,312	210,127

- (i) Pursuant to the rules and regulations of the Cayman Islands and the British Virgin Islands, the Group is not subject to any income tax in the Cayman Islands and the British Virgin Islands.
- (ii) The provision for PRC income tax is based on the respective applicable rates on the estimated assessable income of the Group's subsidiaries in the PRC as determined in accordance with the relevant income tax rules and regulations of the PRC.

Prior to December 31, 2007

The applicable tax rates of the Group's operating subsidiaries in the PRC ranged from 27% to 33% for the calendar years ended December 31, 2007 and 2006. Pursuant to the income tax rules and regulations of the PRC applicable to foreign investment enterprises (the "FEIT Law") effective as at December 31, 2007, four principal operating subsidiaries located in the PRC, which became foreign investment enterprises in late 2006 started to be entitled to a tax holiday of a tax-free period for two years from January 1, 2007. Thereafter, they are subject to PRC enterprise income tax at 50% of the applicable income tax rate for the following three years.

Since January 1, 2008

On March 16, 2007, the Fifth Plenary Session of the Tenth National People's Congress passed the Corporate Income Tax Law of the People's Republic of China (the "New Tax Law") which became effective on January 1, 2008, when the FEIT Law was abolished. The New Tax Law adopts a uniform tax rate of 25% for all enterprises including foreign investment enterprises.

- (iii) Pursuant to the transitional arrangement under the New Tax Law, the four principal operating subsidiaries which are foreign investment enterprises will continue to enjoy the tax-exemption or 50% reduction on the applicable income tax rates under the New Tax Law during the transitional period of five years starting from January 1, 2008 until the expiry of the tax holidays previously granted under the FEIT Law. Thereafter they will be subject to the unified rate of 25%.

Applicable income tax rate of other domestic companies established in the PRC is 25%.

Notes to the Consolidated Financial Statements *(continued)*

13 Income Tax Expenses *(continued)*

(b) Reconciliation between income tax expenses and accounting profit at applicable tax rates:

	For the year ended March 31,	
	2008 RMB'000	2007 RMB'000
Profit before income tax	1,148,249	824,245
Income tax at the applicable PRC income tax rate of 33%	378,922	272,001
Tax losses not recognized as deferred tax assets	41,422	25,192
Non-deductible expenses	49,124	25,922
Changes in tax rate	9,898	—
Effect of tax concessions	(447,983)	(112,501)
Others	(71)	(487)
Income tax expenses	31,312	210,127

(c) Income tax payable in the consolidated balance sheet represents:

	For the year ended March 31,	
	2008 RMB'000	2007 RMB'000
PRC income tax		
Balance at beginning of the year	248,233	105,111
Provision for income tax for the year	17,240	210,127
Net payments during the year	(185,473)	(67,005)
Income tax payable at the end of the year	80,000	248,233

14 Director's Remuneration

Details of the directors' remuneration are as follows:

	For the year ended March 31, 2008					Total RMB'000
	Directors' fees RMB'000	Salaries, allowances and other benefits in kind RMB'000	Discretionary bonuses RMB'000	Share-based payments RMB'000	Contributions to defined contribution schemes RMB'000	
Executive directors						
Gao Dekang	260	1,264	—	—	12	1,536
Mei Dong	98	844	—	1,105	10	2,057
Gao Miaoqin	98	461	—	1,105	—	1,664
Kong Shengyuan	98	451	8,036	1,105	39	9,729
Huang Qiaolian	98	464	—	1,105	6	1,673
Wang Yunlei	98	157	—	751	37	1,043
Non-executive director						
Shen Jingwu	—	—	—	—	—	—
Independent non-executive directors						
Dong Binggen	163	—	—	—	—	163
Jiang Hengjie	163	—	—	—	—	163
Wang Yao	163	—	—	—	—	163
Ngai Wai Fung	190	—	—	—	—	190
	1,429	3,641	8,036	5,171	104	18,381

	For the year ended March 31, 2007					Total RMB'000
	Directors' fees RMB'000	Salaries, allowances and other benefits in kind RMB'000	Discretionary bonuses RMB'000	Share-based payments RMB'000	Contributions to defined contribution schemes RMB'000	
Executive directors						
Gao Dekang	—	973	—	—	10	983
Mei Dong	—	563	—	—	8	571
Gao Miaoqin	—	313	—	—	10	323
Kong Shengyuan	—	313	—	—	39	352
Huang Qiaolian	—	313	—	—	6	319
Wang Yunlei	—	92	—	—	35	127
Non-executive director						
Shen Jingwu	—	—	—	—	—	—
Independent non-executive directors						
Dong Binggen	—	—	—	—	—	—
Jiang Hengjie	—	—	—	—	—	—
Wang Yao	—	—	—	—	—	—
Ngai Wai Fung	—	—	—	—	—	—
	—	2,567	—	—	108	2,675

Notes to the Consolidated Financial Statements (continued)

14 Director's Remuneration (continued)

During the year, no amount was paid or payable by the Group to the directors or any of the five highest paid individuals set out in Note 15 below as an inducement to join or upon joining the Group or as compensation for loss of office.

During the year, Mr. Gao Dekang, an executive director, waived salaries of approximately RMB263,000 (2007: Nil) and Mr. Shen Jingwu, a non-executive director, waived director's fee of approximately RMB228,000 (2007: Nil). Except for these, there was no arrangement under which a director waived or agreed to waive any remuneration during the year.

15 Five Highest Paid Individuals

Of the 5 individuals with the highest emoluments during the year ended March 31, 2008, 4 (2007: 4) are directors whose emoluments are disclosed in Note 14.

The aggregate of the emoluments in respect of the remaining highest paid individuals during the year are as follows:

	For the year ended March 31,	
	2008 RMB'000	2007 RMB'000
Salaries, allowances and other benefits in kind	1,434	353
Contributions to defined contribution scheme	10	8
Share-based payments	1,105	—
	2,549	361

An analysis of the above emoluments by number of individuals and emolument range is set out below:

	For the year ended March 31,	
	2008	2007
Nil to RMB1,000,000	—	1
RMB2,500,001 to RMB3,000,000	1	—
	1	1

16 Profit attributable to equity holders of the Company

The consolidated profit attributable to equity holders of the Company for the year ended March 31, 2008 includes a profit/(loss) of RMB12,053,000 (2007: (RMB13,767,000)) which has been dealt with in the financial statements of the Company.

Reconciliation of the above amount to the Company's profit/(loss) for the year:

	For the year ended March 31,	
	2008 RMB'000	2007 RMB'000
Amount of consolidated profit/(loss) attributable to equity holders dealt with in the Company's financial statements	12,053	(13,767)
Final dividends from subsidiaries attributable to the profit of previous financial years, approved and paid during the year	658,944	—
Company's profit/(loss) for the year (Note 28)	670,997	(13,767)

17 Dividends

On August 28, 2007 and September 14, 2007, the Group declared and distributed dividends in an aggregate amount of RMB467,435,000 (2007: RMB453,160,000) to the then shareholders of companies comprising the Group.

Subsequent to March 31, 2008, a final dividend of RMB6.0 cents and a special dividend of RMB2.8 cents per ordinary share, have been proposed by the directors and are subject to approved by the shareholders in the annual general meeting. These financial statements do not reflect these dividends payable.

18 Earnings per Share

The calculation of basic earnings per share for the year ended March 31, 2008 was based on the profit attributable to equity shareholders of the Company for the year of RMB1,116,937,000 (2007: RMB617,593,000) and the weighted average number of shares in issue during the year ended March 31, 2008 of 6,545,665,000 (2007: 5,257,200,000). The weighted average number of shares in issue during the years ended March 31, 2008 and 2007 has been retrospectively adjusted for the effects of share split and capitalization issue took place in September 2007, as if the 5,257,200,000 shares were in issue and outstanding throughout the entire years.

The calculation of the basic and diluted earnings per share attributable to equity holders of the Company is based on the following data:

Earnings	For the year ended March 31,	
	2008 RMB'000	2007 RMB'000
Earnings for the purpose of basic earnings per share, being profit for the year attributable to equity holders of the Company	1,116,937	617,593
Effect of dilutive potential ordinary shares:		
Interest on convertible redeemable preference shares (Note 12)	8,501	9,380
Earnings for the purpose of diluted earnings per share	1,125,438	626,973

Number of shares (thousand)	For the year ended March 31,	
	2008	2007
Weighted average number of ordinary shares for the purpose of basic earnings per share	6,545,665	5,257,200
Effect of dilutive potential ordinary shares:		
Weighted average conversion number of Series A CRPS (Note 30)	111,638	112,220
Weighted average conversion number of Series B CPS (Note 29)	279,095	302,353
Weighted average number of ordinary shares for the purpose of diluted earnings per share	6,936,398	5,671,773
Basic earnings per share (RMB cents)	17.06	11.75
Diluted earnings per share (RMB cents)	16.23	11.05

19 Property, Plant and Equipment

The Group

	Machinery RMB'000	Motor vehicles and others RMB'000	Total RMB'000
Cost			
Balance at April 1, 2006	280	15,781	16,061
Additions	6,649	22,848	29,497
Disposals	—	(435)	(435)
Balance at March 31, 2007	6,929	38,194	45,123
Additions	790	23,258	24,048
Disposals	(3,840)	(8,591)	(12,431)
Balance at March 31, 2008	3,879	52,861	56,740
Depreciation			
Balance at April 1, 2006	(2)	(9,403)	(9,405)
Depreciation charged for the year	(585)	(4,616)	(5,201)
Disposals	—	308	308
Balance at March 31, 2007	(587)	(13,711)	(14,298)
Depreciation charged for the year	(1,240)	(10,397)	(11,637)
Disposals	6	528	534
Balance at March 31, 2008	(1,821)	(23,580)	(25,401)
Carrying amount			
March 31, 2008	2,058	29,281	31,339
March 31, 2007	6,342	24,483	30,825

The Company

	Motor vehicles and others RMB'000
Cost	
Balance at April 1, 2007	—
Additions	384
Balance at March 31, 2008	384
Depreciation	
Balance at April 1, 2007	—
Depreciation charged for the year	(5)
Balance at March 31, 2008	(5)
Carrying amount	
March 31, 2008	379
March 31, 2007	—

Notes to the Consolidated Financial Statements *(continued)*

20 Deferred Tax Assets and Liabilities

The movement on the net balance of deferred tax assets and liabilities account is as follows:

	As at March 31,	
	2008 RMB'000	2007 RMB'000
At April 1, 2007	—	—
Recognized in the consolidated income statement (Note 13)	(14,072)	—
At March 31, 2008	(14,072)	—

The Group

The components of deferred tax assets/(liabilities) recognized in the consolidated balance sheet and the movements during the year are as follows:

	Inventories RMB'000	Undistributed retained earnings of PRC subsidiaries RMB'000	Total RMB'000
At April 1, 2007	—	—	—
Credited/(charged) to the consolidated income statement	18,928	(33,000)	(14,072)
At March 31, 2008	18,928	(33,000)	(14,072)

As at March 31, 2008, certain of the Group's inventories were written down to net realized value ("NRV"). Deferred tax assets were recognized on the portion of NRV allowance to be realized after December 31, 2008 (the cessation date of the two-year tax holiday of the PRC subsidiaries).

Pursuant to the New Tax Law, 10% withholding tax is levied on the foreign investor in respect of dividend distributions arising from a foreign investment enterprise's profit earned after January 1, 2008. Deferred tax liabilities were recognized for the undistributed earnings recorded in the books and accounts of the Group's PRC subsidiaries for the period from January 1, 2008 to March, 31 2008.

Unrecognized deferred tax assets

Deferred tax assets have not been recognized in respect of the following item:

	As at March 31,	
	2008 RMB'000	2007 RMB'000
Tax losses of subsidiaries	242,026	76,339

No deferred tax assets have been recognized in respect of the cumulative tax losses of subsidiaries of the Group as at March 31, 2008, as management consider that it is not probable that the entities concerned will generate sufficient future taxable profits against which the unused tax losses can be utilized. Under the PRC tax regulation, tax losses can be carried forward for five years after the year of loss.

Notes to the Consolidated Financial Statements (continued)

21 Inventories

	As at March 31,	
	2008 RMB'000	2007 RMB'000
Raw materials	27,852	28,998
Work in progress	10,184	21,878
Finished goods	947,385	1,193,026
	985,421	1,243,902

At March 31, 2008, inventories carried at net realizable value amounted to approximately RMB557,682,000 (2007: RMB737,870,000).

22 Held-to-maturity Investments

Held-to-maturity investments are principal guaranteed short-term investments with banks in the PRC. These investments have interest rates ranging from 3.2% to 4.3% per annum and will mature in 30 to 90 days.

23 Trade, Bills and Other Receivables

	The Group As at March 31,		The Company As at March 31,	
	2008 RMB'000	2007 RMB'000	2008 RMB'000	2007 RMB'000
Trade receivables	1,048,150	767,583	—	—
Bills receivables	158,482	47,030	—	—
Third party other receivables				
• VAT recoverables	18,466	18,464	—	—
• Deposits	22,046	9,072	—	—
• Advances to employees	11,002	8,374	—	—
• Others	7,558	4,115	—	—
	1,265,704	854,638	—	—

All of the trade and other receivables are expected to be recovered within one year.

The Group normally allows a credit period ranging from 30 days to 90 days to its customers. The Group's exposure to credit and currency risk related to trade and other receivables are disclosed in Note 5.

Notes to the Consolidated Financial Statements (continued)

23 Trade, Bills and Other Receivables (continued)

As at March 31, 2008, trade and bills receivables of approximately RMB370,780,000 (2007: RMB94,677,000) were past due but considered to be not impaired. These relate to a number of independent customers for whom there is no recent history of default. The ageing analysis of trade and bills receivables (net of impairment losses on bad and doubtful debts) is as follows:

	The Group As at March 31,		The Company As at March 31,	
	2008 RMB'000	2007 RMB'000	2008 RMB'000	2007 RMB'000
Within credit terms	835,852	719,936	—	—
Within 3 months	360,129	69,842	—	—
Over 3 months but less than 6 months	9,597	12,328	—	—
Over 6 months but less than 12 months	1,054	12,507	—	—
	1,206,632	814,613	—	—

Movements in the provision for impairment losses for trade and bills receivables are as follows:

	The Group As at March 31,		The Company As at March 31,	
	2008 RMB'000	2007 RMB'000	2008 RMB'000	2007 RMB'000
At April 1, 2007	14,979	3,386	—	—
Add: provision for impairment of receivables	41,560	11,593	—	—
At March 31, 2008	56,539	14,979	—	—

The creation and release of provision for impaired receivables has been included in administrative expenses in the consolidated income statement. Amounts charged to the allowance account are generally written off when there is no expectation of recovering additional cash.

The maximum exposure to credit risk at the balance sheet date is the fair values of trade and bills receivables disclosed above.

24 Pledged Bank Deposits

Bank deposits of RMB2,578,000 as at March 31, 2008 (2007: RMB7,048,000) were pledged to banks as security for certain of the Group's banking facilities in relation to bills payable and bank borrowings.

25 Cash and Cash Equivalents

	The Group As at March 31,		The Company As at March 31,	
	2008 RMB'000	2007 RMB'000	2008 RMB'000	2007 RMB'000
Cash at banks and on hand	4,688,766	514,854	2,245,118	25,819
Less: pledged bank deposits	2,578	7,048	—	—
Cash and cash equivalents	4,686,188	507,806	2,245,118	25,819

Cash at bank and cash on hand are denominated in:

	The Group As at March 31,		The Company As at March 31,	
	2008 RMB'000	2007 RMB'000	2008 RMB'000	2007 RMB'000
— RMB	2,183,144	460,163	—	—
— US\$	1,917,685	54,691	1,670,621	25,819
— HK\$	587,937	—	574,497	—
	4,688,766	514,854	2,245,118	25,819

The Group's cash and bank balances denominated in RMB are deposited with banks in the PRC. The conversion of these RMB denominated balances into foreign currencies is subject to the rules and regulations of foreign exchange control promulgated by the PRC government.

26 Investment in subsidiaries

	The Company As at March 31,	
	2008 RMB'000	2007 RMB'000
Investment, at cost	—	—
Advances to a subsidiary	3,843,472	502,399
Share-based payments	27,550	—
	3,871,022	502,399

Advances to a subsidiary included in the investment in subsidiaries are unsecured, interest free and expected to be repayable beyond one year.

Notes to the Consolidated Financial Statements (continued)

26 Investment in subsidiaries (continued)

As at March 31, 2008, the Company had direct and indirect interests in the following principal subsidiaries:

Name of company	Note	Place and date of incorporation/ establishment	Issued and fully paid share capital/ registered capital	Attributable equity interest held by the Company		Principal activities
				Direct	Indirect	
(1) Enterprise established outside the PRC						
Bosideng International Fashion Ltd. 波司登國際服飾有限公司	(i)	British Virgin Islands ("BVI"), July 11, 2006	US\$1/ US\$50,000	100%	—	Investment holding
(2) Wholly foreign owned enterprises established in the PRC						
Shanghai Bosideng International Fashion Co., Ltd. 上海波司登國際服飾有限公司	(ii)	Shanghai, the PRC June 23, 2005	US\$138,000,000/ US\$138,000,000	—	100%	Sourcing and distribution of down apparels
(3) Sino-foreign equity joint venture enterprises established in the PRC						
Shanghai Bingjie Fashion Co., Ltd. 上海冰潔服飾有限公司	(iii)	Shanghai, the PRC April 21, 1999	US\$68,000,000/ US\$68,000,000	—	100%	Sourcing and distribution of down apparels
Jiangsu Bosideng Fashion Co. Ltd. 江蘇波司登羽絨服裝有限公司	(iii)	Jiangsu, the PRC March 30, 2006	US\$68,000,000/ US\$68,000,000	—	100%	Sourcing and distribution of down apparels
Shandong Bosideng Fashion Co., Ltd. 山東波司登服飾有限公司	(iii)	Shandong, the PRC May 17, 2006	US\$68,000,000/ US\$68,000,000	—	100%	Sourcing and distribution of down apparels
Shanghai Shuangyu Fashion Co., Ltd. 上海雙羽服裝有限公司	(iii)	Shanghai, the PRC June 28, 2006	US\$68,000,000/ US\$68,000,000	—	100%	Sourcing and distribution of down apparels
(4) Domestic companies established in the PRC						
Changshu Bosideng Advertising Co., Ltd. 常熟波司登廣告有限公司	(iv)	the PRC, September 12, 1996	RMB500,000/ RMB500,000	—	100%	Advertisement agency
Zhengzhou Bosideng Trading Co., Ltd. 鄭州波司登貿易有限公司	(iv)	the PRC, October 9, 1998	RMB550,000/ RMB550,000	—	100%	Distribution of down apparels
Jinan Bosideng Trading Co., Ltd. 濟南波司登貿易有限公司	(iv)	the PRC, October 19, 1998	RMB500,000/ RMB500,000	—	100%	Distribution of down apparels
Shijiazhuang Bosideng Trading Co., Ltd. 石家莊波司登貿易有限公司	(iv)	the PRC, October 22, 1998	RMB500,000/ RMB500,000	—	100%	Distribution of down apparels
Beijing Bosideng Trading Co., Ltd. 北京市波司登貿易有限公司	(iv)	the PRC, October 26, 1998	RMB500,000/ RMB500,000	—	100%	Distribution of down apparels
Changchun Bosideng Trading Co., Ltd. 長春波司登貿易有限公司	(iv)	the PRC, October 29, 1998	RMB1,000,000/ RMB1,000,000	—	100%	Distribution of down apparels
Tianjin Bosideng Trading Co., Ltd. 天津市波司登貿易有限公司	(iv)	the PRC, February 10, 1999	RMB500,000/ RMB500,000	—	100%	Distribution of down apparels
Taiyuan Bosideng Trading Co., Ltd. 太原市波司登貿易有限公司	(iv)	the PRC, October 16, 2000	RMB500,000/ RMB500,000	—	100%	Distribution of down apparels
Urumchi Bosideng Trading Co., Ltd. 烏魯木齊波司登貿易有限公司	(iv)	the PRC, October 17, 2000	RMB500,000/ RMB500,000	—	100%	Distribution of down apparels
Lanzhou Bosideng Trading Co., Ltd. 蘭州波司登貿易有限公司	(iv)	the PRC, October 25, 2000	RMB500,000/ RMB500,000	—	100%	Distribution of down apparels

Notes to the Consolidated Financial Statements (continued)

26 Investment in subsidiaries (continued)

Name of company	Note	Place and date of incorporation/ establishment	Issued and fully paid share capital/ registered capital	Attributable equity interest held by the Company		Principal activities
				Direct	Indirect	
(4) Domestic companies established in the PRC (continued)						
Wuhan Bosideng Trading Co., Ltd. 武漢波司登貿易有限公司	(iv)	the PRC, November 4, 2000	RMB500,000/ RMB500,000	—	100%	Distribution of down apparels
Shanghai Kangbo International Trading Co., Ltd. 上海康波國際貿易有限公司	(iv)	the PRC, November 6, 2000	RMB6,000,000/ RMB6,000,000	—	90%	Import and export activities, including distribution of down apparels
Chengdu Bosideng Trading Co., Ltd. 成都波司登貿易有限公司	(iv)	the PRC, November 8, 2000	RMB500,000/ RMB500,000	—	100%	Distribution of down apparels
Baotou Bosideng Trading Co., Ltd. 包頭市波司登貿易有限公司	(iv)	the PRC, November 21, 2000	RMB500,000/ RMB500,000	—	100%	Distribution of down apparels
Xian Bosideng Trading Co., Ltd. 西安波司登貿易有限公司	(iv)	the PRC, December 1, 2000	RMB500,000/ RMB500,000	—	100%	Distribution of down apparels
Hefei Bosideng Trading Co., Ltd. 合肥波司登貿易有限公司	(iv)	the PRC, December 12, 2000	RMB500,000/ RMB500,000	—	100%	Distribution of down apparels
Shanghai Bosideng Fashion Design and Development Centre Co., Ltd. 上海波司登服裝設計開發中心有限公司	(v)	the PRC, March 23, 2001	RMB2,000,000/ RMB2,000,000	—	100%	Design and distribution of clothes
Haerbin Bosideng Trading Co., Ltd. 哈爾濱波司登雪中飛貿易有限公司	(iv)	the PRC, March 30, 2001	RMB500,000/ RMB500,000	—	100%	Distribution of down apparels
Changshu Bosideng Import and Export Co., Ltd. 常熟波司登進出口有限公司	(iv)	the PRC, April 11, 2002	RMB500,000/ RMB500,000	—	100%	Sourcing and distribution of OEM
Liaoning Bosideng Trading Co., Ltd. 遼寧波司登貿易有限公司	(iv)	the PRC, September 3, 2002	RMB5,000,000/ RMB5,000,000	—	100%	Distribution of down apparels
Nantong Bosideng Trading Co., Ltd. 南通波司登貿易有限公司	(iv)	the PRC, April 24, 2006	RMB500,000/ RMB500,000	—	100%	Distribution of down apparels
Lianyungang Bosideng Trading Co., Ltd. 連雲港波司登貿易有限公司	(iv)	the PRC, April 25, 2006	RMB500,000/ RMB500,000	—	100%	Distribution of down apparels
Changsha Bosideng Garment Trading Co., Ltd. 長沙波司登服飾貿易有限公司	(iv)	the PRC, April 25, 2006	RMB510,000/ RMB510,000	—	100%	Distribution of down apparels
Wuxi Bosideng Trading Co., Ltd. 無錫波司登貿易有限公司	(iv)	the PRC, April 26, 2006	RMB500,000/ RMB500,000	—	100%	Distribution of down apparels
Suqian Bosideng Trading Co., Ltd. 宿遷波司登貿易有限公司	(iv)	the PRC, April 26, 2006	RMB500,000/ RMB500,000	—	100%	Distribution of down apparels
Anhui Wanbei Bosideng Trading Co., Ltd. 安徽皖北波司登貿易有限公司	(iv)	the PRC, April 26, 2006	RMB500,000/ RMB500,000	—	100%	Distribution of down apparels
Changzhou Xuezhongfei Trading Co., Ltd. 常州雪中飛貿易有限公司	(iv)	the PRC, April 28, 2006	RMB600,000/ RMB600,000	—	100%	Distribution of down apparels
Hangzhou Bosideng Trading Co., Ltd. 杭州波司登貿易有限公司	(iv)	the PRC, April 28, 2006	RMB500,000/ RMB500,000	—	100%	Distribution of down apparels

Notes to the Consolidated Financial Statements (continued)

26 Investment in subsidiaries (continued)

Name of company	Note	Place and date of incorporation/ establishment	Issued and fully paid share capital/ registered capital	Attributable equity interest held by the Company		Principal activities
				Direct	Indirect	
(4) Domestic companies established in the PRC (continued)						
Cangzhou Bosideng Trading Co., Ltd. 滄州波司登貿易有限公司	(iv)	the PRC, April 28, 2006	RMB500,000/ RMB500,000	—	100%	Distribution of down apparels
Langfang Bosideng Trading Co., Ltd. 廊坊市波司登貿易有限公司	(iv)	the PRC, April 29, 2006	RMB500,000/ RMB500,000	—	100%	Distribution of down apparels
Huzhou Bosideng Trading Co., Ltd. 湖州波司登貿易有限公司	(iv)	the PRC, April 29, 2006	RMB500,000/ RMB500,000	—	100%	Distribution of down apparels
Luoyang Bosideng Trading Co., Ltd. 洛陽波司登貿易有限公司	(iv)	the PRC, April 29, 2006	RMB500,000/ RMB500,000	—	100%	Distribution of down apparels
Xinyu Bosideng Trading Co., Ltd. 新余市波司登貿易有限公司	(iv)	the PRC, April 29, 2006	RMB500,000/ RMB500,000	—	100%	Distribution of down apparels
Yangzhou Bosideng Trading Co., Ltd. 揚州波司登貿易有限公司	(iv)	the PRC, April 30, 2006	RMB500,000/ RMB500,000	—	100%	Distribution of down apparels
Kuerle Bosideng Trading Co., Ltd. 庫爾勒波司登貿易有限公司	(iv)	the PRC, April 30, 2006	RMB500,000/ RMB500,000	—	100%	Distribution of down apparels
Zhengzhou Xuezhongfei Trading Co., Ltd. 鄭州雪中飛貿易有限公司	(iv)	the PRC, April 30, 2006	RMB500,000/ RMB500,000	—	100%	Distribution of down apparels
Zhumadian Bosideng Trading Co., Ltd. 駐馬店市波司登貿易有限公司	(iv)	the PRC, April 30, 2006	RMB500,000/ RMB500,000	—	100%	Distribution of down apparels
Ningbo Bosideng Trading Co., Ltd. 寧波波司登貿易有限公司	(iv)	the PRC, April 30, 2006	RMB500,000/ RMB500,000	—	100%	Distribution of down apparels
Dalian Bosideng Trading Co., Ltd. 大連波司登貿易有限公司	(iv)	the PRC, April 30, 2006	RMB500,000/ RMB500,000	—	100%	Distribution of down apparels
Changzhou Bosideng Trading Co., Ltd. 常州波司登貿易有限公司	(iv)	the PRC, May 8, 2006	RMB500,000/ RMB500,000	—	100%	Distribution of down apparels
Nanjing Bosideng Trading Co., Ltd. 南京波司登貿易有限公司	(iv)	the PRC, May 8, 2006	RMB550,000/ RMB550,000	—	100%	Distribution of down apparels
Taizhou Bosideng Trading Co., Ltd. 泰州波司登貿易有限公司	(iv)	the PRC, May 8, 2006	RMB1,000,000/ RMB1,000,000	—	100%	Distribution of down apparels
Xinxiang Bosideng Trading Co., Ltd. 新鄉波司登貿易有限公司	(iv)	the PRC, May 8, 2006	RMB500,000/ RMB500,000	—	100%	Distribution of down apparels
Chifeng Bosideng Trading Co., Ltd. 赤峰波司登貿易有限公司	(iv)	the PRC, May 8, 2006	RMB1,010,000/ RMB1,010,000	—	100%	Distribution of down apparels
Anyang Bosideng Trading Co., Ltd. 安陽波司登貿易有限公司	(iv)	the PRC, May 8, 2006	RMB500,000/ RMB500,000	—	100%	Distribution of down apparels
Qingdao Bosideng Trading Co., Ltd. 青島波司登貿易有限公司	(iv)	the PRC, May 8, 2006	RMB500,000/ RMB500,000	—	100%	Distribution of down apparels
Shenyang Xuezhongfei Trading Co., Ltd. 瀋陽雪中飛貿易有限公司	(iv)	the PRC, May 8, 2006	RMB500,000/ RMB500,000	—	100%	Distribution of down apparels
Huaian Bosideng Trading Co., Ltd. 淮安市波司登貿易有限公司	(iv)	the PRC, May 9, 2006	RMB500,000/ RMB500,000	—	100%	Distribution of down apparels
Zhangjiakou Bosideng Trading Co., Ltd. 張家口波司登貿易有限公司	(iv)	the PRC, May 9, 2006	RMB500,000/ RMB500,000	—	100%	Distribution of down apparels
Handan Bosideng Trading Co., Ltd. 邯鄲波司登貿易有限公司	(iv)	the PRC, May 9, 2006	RMB500,000/ RMB500,000	—	100%	Distribution of down apparels

26 Investment in subsidiaries (continued)

Name of company	Note	Place and date of incorporation/ establishment	Issued and fully paid share capital/ registered capital	Attributable equity interest held by the Company		Principal activities
				Direct	Indirect	
(4) Domestic companies established in the PRC (continued)						
Zhuzhou Bosideng Trading Co., Ltd. 株州波司登貿易有限公司	(iv)	the PRC, May 9, 2006	RMB500,000/ RMB500,000	—	100%	Distribution of down apparels
Weihai Bosideng Trading Co., Ltd. 威海波司登貿易有限公司	(iv)	the PRC, May 9, 2006	RMB500,000/ RMB500,000	—	100%	Distribution of down apparels
Yanji Bosideng Trading Co., Ltd. 延吉波司登貿易有限公司	(iv)	the PRC, May 9, 2006	RMB500,000/ RMB500,000	—	100%	Distribution of down apparels
Maanshan Bosideng Trading Co., Ltd. 馬鞍山波司登貿易有限公司	(iv)	the PRC, May 9, 2006	RMB500,000/ RMB500,000	—	100%	Distribution of down apparels
Qinhuangdao Bosideng Trading Co., Ltd. 秦皇島波司登貿易有限公司	(iv)	the PRC, May 10, 2006	RMB500,000/ RMB500,000	—	100%	Distribution of down apparels
Suzhou Bosideng Trading Co., Ltd. 蘇州波司登貿易有限公司	(iv)	the PRC, May 10, 2006	RMB1,000,000/ RMB1,000,000	—	100%	Distribution of down apparels
Shangqiu Bosideng Trading Co., Ltd. 商丘波司登貿易有限公司	(iv)	the PRC, May 10, 2006	RMB500,000/ RMB500,000	—	100%	Distribution of down apparels
Binzhou Bosideng Trading Co., Ltd. 濱州波司登貿易有限公司	(iv)	the PRC, May 10, 2006	RMB1,000,000/ RMB1,000,000	—	100%	Distribution of down apparels
Yancheng Bosideng Trading Co., Ltd. 鹽城波司登貿易有限公司	(iv)	the PRC, May 11, 2006	RMB1,000,000/ RMB1,000,000	—	100%	Distribution of down apparels
Xiangfan Bosideng Trading Co., Ltd. 襄樊波司登貿易有限公司	(iv)	the PRC, May 11, 2006	RMB500,000/ RMB500,000	—	100%	Distribution of down apparels
Xian Xuezhongfei Trading Co., Ltd. 西安雪中飛貿易有限公司	(iv)	the PRC, May 12, 2006	RMB500,000/ RMB500,000	—	100%	Distribution of down apparels
Chengdu Xuezhongfei Trading Co., Ltd. 成都雪中飛貿易有限公司	(iv)	the PRC, May 12, 2006	RMB500,000/ RMB500,000	—	100%	Distribution of down apparels
Nanchang Bosideng Trading Co., Ltd. 南昌波司登貿易有限公司	(iv)	the PRC, May 12, 2006	RMB500,000/ RMB500,000	—	100%	Distribution of down apparels
Guiyang Bosideng Trading Co., Ltd. 貴陽波司登貿易有限公司	(iv)	the PRC, May 15, 2006	RMB500,000/ RMB500,000	—	100%	Distribution of down apparels
Baoding Bosideng Trading Co., Ltd. 保定波司登貿易有限公司	(iv)	the PRC, May 15, 2006	RMB500,000/ RMB500,000	—	100%	Distribution of down apparels
Changchun Xuezhongfei Trading Co., Ltd. 長春雪中飛貿易有限公司	(iv)	the PRC, May 15, 2006	RMB500,000/ RMB500,000	—	100%	Distribution of down apparels
Weifang Bosideng Trading Co., Ltd. 濰坊波司登貿易有限公司	(iv)	the PRC, May 15, 2006	RMB500,000/ RMB500,000	—	100%	Distribution of down apparels
Zibo Bosideng Trading Co., Ltd. 淄博波司登貿易有限公司	(iv)	the PRC, May 15, 2006	RMB600,000/ RMB600,000	—	100%	Distribution of down apparels
Yantai Bosideng Trading Co., Ltd. 煙台波司登貿易有限公司	(iv)	the PRC, May 16, 2006	RMB500,000/ RMB500,000	—	100%	Distribution of down apparels
Yinchuan Bosideng Trading Co., Ltd. 銀川波司登貿易有限公司	(iv)	the PRC, May 16, 2006	RMB500,000/ RMB500,000	—	100%	Distribution of down apparels
Chongqing Bosideng Trading Co., Ltd. 重慶波司登貿易有限公司	(iv)	the PRC, May 16, 2006	RMB500,000/ RMB500,000	—	100%	Distribution of down apparels

Notes to the Consolidated Financial Statements (continued)

26 Investment in subsidiaries (continued)

Name of company	Note	Place and date of incorporation/ establishment	Issued and fully paid share capital/ registered capital	Attributable equity interest held by the Company		Principal activities
				Direct	Indirect	
(4) Domestic companies established in the PRC (continued)						
Jining Bosideng Trading Co., Ltd. 濟寧波司登貿易有限公司	(iv)	the PRC, May 16, 2006	RMB500,000/ RMB500,000	—	100%	Distribution of down apparels
Linyi Bosideng Trading Co., Ltd. 臨沂波司登貿易有限公司	(iv)	the PRC, May 16, 2006	RMB500,000/ RMB500,000	—	100%	Distribution of down apparels
Jiaozuo Bosideng Trading Co., Ltd. 焦作波司登貿易有限公司	(iv)	the PRC, May 18, 2006	RMB500,000/ RMB500,000	—	100%	Distribution of down apparels
Jilin Bosideng Trading Co., Ltd. 吉林市波司登貿易有限公司	(iv)	the PRC, May 18, 2006	RMB500,000/ RMB500,000	—	100%	Distribution of down apparels
Jinzhou Bosideng Trading Co., Ltd. 錦州波司登貿易有限公司	(iv)	the PRC, May 18, 2006	RMB500,000/ RMB500,000	—	100%	Distribution of down apparels
Tangshan Bosideng Trading Co., Ltd. 唐山波司登貿易有限公司	(iv)	the PRC, May 19, 2006	RMB500,000/ RMB500,000	—	100%	Distribution of down apparels
Taiyuan Xuezhongfei Trading Co., Ltd. 太原雪中飛貿易有限公司	(iv)	the PRC, May 22, 2006	RMB500,000/ RMB500,000	—	100%	Distribution of down apparels
Changde Bosideng Trading Co., Ltd. 常德波司登貿易有限公司	(iv)	the PRC, May 11, 2007	RMB500,000/ RMB500,000	—	100%	Distribution of down apparels
Houma Xuezhongfei Trading Co., Ltd. 侯馬雪中飛貿易有限公司	(iv)	the PRC, May 14, 2007	RMB500,000/ RMB500,000	—	100%	Distribution of down apparels
Zhenjiang Bosideng Trading Co., Ltd. 鎮江波司登貿易有限公司	(iv)	the PRC, May 28, 2007	RMB600,000/ RMB600,000	—	100%	Distribution of down apparels
Nanchong Xuezhongfei Trading Co., Ltd. 南充雪中飛貿易有限公司	(iv)	the PRC, May 30, 2007	RMB500,000/ RMB500,000	—	100%	Distribution of down apparels
Xingtai Xuezhongfei Trading Co., Ltd. 邢台雪中飛貿易有限公司	(iv)	the PRC, August 14, 2007	RMB500,000/ RMB500,000	—	100%	Distribution of down apparels
Heze Bosideng Trading Co., Ltd. 菏澤波司登貿易有限公司	(iv)	the PRC, September 3, 2007	RMB510,000/ RMB510,000	—	100%	Distribution of down apparels
Nanyang Bosideng Trading Co., Ltd. 南陽波司登貿易有限公司	(iv)	the PRC, September 21, 2007	RMB500,000/ RMB500,000	—	100%	Distribution of down apparels
Xuzhou Xuezhongfei Trading Co., Ltd. 徐州雪中飛貿易有限公司	(iv)	the PRC, January 3, 2008	RMB500,000/ RMB500,000	—	100%	Distribution of down apparels

Notes:

- (i) This entity is directly invested by the Company.
- (ii) This entity is invested by Bosideng International Fashion (BVI) Ltd.
- (iii) These entities are invested by Shanghai Bosideng International Fashion Co., Ltd. (51%) and Bosideng International Fashion Ltd. (49%).
- (iv) These entities are 100% invested by Jiangsu Bosideng Fashion Co., Ltd.
- (v) This entity is 100% invested by Shanghai Bosideng International Fashion Co. Ltd.
- (vi) The English translation of the names of the companies above is for reference only. The official names of the companies are in Chinese.

27 Share Capital

The share capital of the Company as at March 31, 2007 represents the issued capital of US\$50,000 (equivalent to RMB397,000) and RMB5,400,000 representing the 90% equity interest in the issued capital of Shanghai Kangbo International Trading Co., Ltd. ("Kangbo") of RMB6,000,000. On June 14, 2007, the 90% equity interest in Kangbo was transferred from Bosideng Corporation to the Group. This transfer is accounted for as an acquisition of entities under common control.

Pursuant to the written resolution of the shareholders dated September 14, 2007, each issued and unissued ordinary share of US\$1.00 each in the Company was sub-divided into 100,000 ordinary shares of US\$0.00001 each ("Share Split"), resulting in the Company having an issued share capital of US\$50,000 divided into 5,000,000,000 ordinary shares of US\$0.00001 each.

Also pursuant to the written resolution dated September 14, 2007, the sum of US\$2,572 out of the Company's retained earnings was capitalized, and 257,200,000 ordinary shares were issued to the then shareholders of the Company ("Capitalization Issue").

All references in the consolidated financial statements referring to shares and amount per share of the Company have been restated for the Share Split and the Capitalization Issue.

Movements in the authorized share capital of the Company during the year are as follows:

	Note	Authorized		Issued and fully paid	
		Number of ordinary shares (thousand)	Nominal value of ordinary shares US\$('000)	Number of ordinary shares (thousand)	Nominal value of ordinary shares US\$('000)
At April 1, 2007		50	50	50	50
Increase in share capital on September 14, 2007		19,999,950	150	—	—
Share Split		—	—	4,999,950	—
Capitalization Issue		—	—	257,200	3
Issues of ordinary shares on conversion of CRPS/CPS	27(b)(v)	—	—	742,800	7
Issues of ordinary shares under placing and public offering	27(b)(vi) &(vii)	—	—	1,994,322	20
At March 31, 2008		20,000,000	200	7,994,322	80
RMB equivalent ('000)			1,556		622

27 Share Capital (continued)

(a) Authorized share capital

The Company was incorporated on July 10, 2006 with an authorized share capital of US\$100, divided into 100 shares of par value of US\$1.00 each. On September 14, 2007, the authorized share capital was amended by way of special resolution of members to US\$200,000 divided into 20,000,000,000 Shares, 2,135 Series A Shares and 5,336 Series B Shares.

(b) Issue of share capital

The following sets out the changes in the Company's ordinary share capital since the date of its incorporation:

- (i) The Company was incorporated on July 10, 2006 with issued capital of 100 shares at US\$1.00 per share. The issued capital was credited as fully paid.
- (ii) On September 5, 2006, 49,401 and 499 ordinary shares of US\$1.00 each were allotted and issued credited as fully paid to Kong Bo Investment Limited and Kong Bo Development Limited respectively.
- (iii) Pursuant to the Share Split, the Company had an issued share capital of US\$50,000 divided into 5,000,000,000 ordinary shares of US\$0.00001 each, 2,135 Series A Shares of US\$0.0001 each and 5,336 Series B Shares of US\$0.0001 each.
- (iv) Pursuant to the Capitalization Issue, approximately 251,675,000, 2,572,000 and 2,953,000 ordinary shares were issued to Kong Bo Investment Limited, Kong Bo Development Limited and Gather Wealth Holdings Limited respectively.
- (v) On October 10, 2007, the Series A Shares and Series B Shares were converted to approximately 212,229,000 ordinary shares and 530,571,000 ordinary shares respectively (Notes 30 and 29).
- (vi) On October 10, 2007, the Company issued 1,870,000,000 additional ordinary shares of a par value of US\$0.00001 each, at a price of HK\$3.28 per share by way of a global initial public offering to Hong Kong and overseas investors.
- (vii) On November 6, 2007, the Company issued 124,322,000 additional ordinary shares of a par value of US\$0.00001 each, at a price of HK\$3.28 per share pursuant to the partial exercise of the over-allotment option in connection with the global initial public offering.
- (viii) During the period from April 16, 2008 to June 18, 2008, the Company repurchased and cancelled 57,726,000 ordinary shares. As at the date of this report, the number of outstanding ordinary shares of the Company was 7,936,596,000.

28 Reserves

The following is the movements of the Company's reserves:

	Attributable to the equity holders of the Company						
	Convertible preference shares	Share premium	Capital reserves	Translation reserves	Other reserves	Retained earnings	Total
	RMB'000 (note 29)	RMB'000 (note 28a)	RMB'000 (note 28b)	RMB'000 (note 28d)	RMB'000	RMB'000	RMB'000
Balance at July 10, 2006	—	—	—	—	—	—	—
Loss for the period	—	—	—	—	—	(13,767)	(13,767)
Equity component of CRPS (note 30)	—	—	29,458	—	—	—	29,458
Translation reserves	—	—	—	(654)	—	—	(654)
Transaction costs for transfer of CPS between holders	—	—	—	—	(20,199)	—	(20,199)
Balance at March 31, 2007	—	—	29,458	(654)	(20,199)	(13,767)	(5,162)
Capitalization issue	—	—	—	—	—	(19)	(19)
Issuance of ordinary shares in public offer, net of issuance costs	—	6,011,875	—	—	—	—	6,011,875
Conversion of CRPS	—	161,338	(29,458)	—	—	—	131,880
Conversion of CPS	—	(20,239)	—	—	20,199	—	(40)
Profit for the year	—	—	—	—	—	670,997	670,997
Equity-settled share-based payment transactions (note 31)	—	—	27,550	—	—	—	27,550
Translation reserves	—	—	—	(378,237)	—	—	(378,237)
Dividends	—	—	—	—	—	(349,615)	(349,615)
Balance at March 31, 2008	—	6,152,974	27,550	(378,891)	—	307,596	6,109,229

(a) Share premium

On October 10, 2007, the Company issued 1,870,000,000 new ordinary shares of US\$0.00001 each at a price of HK\$3.28 per share by way of global initial public offering to Hong Kong and overseas investors. On November 6, 2007, the Company also issued 124,322,000 new ordinary shares of US\$0.00001 each at a price of HK\$3.28 per share upon the exercise of the over-allotment option in connection with the global initial public offering.

Net proceeds from such issue amounted to RMB6,012,025,000 (after offsetting issuance costs of RMB110,494,000), out of which RMB150,000 and RMB6,011,875,000 were recorded in share capital and share premium respectively.

(b) Capital reserves

The capital reserves at March 31, 2007 represented the equity component of convertible redeemable preference shares (Note 30).

The capital reserves at March 31, 2008 represented the value of employee services in respect of shares granted to employees and consultants under the share scheme as set out in Note 31.

(c) Statutory reserves

Statutory reserves were established in accordance with the relevant PRC rules and regulations and the articles of association of the entities comprising the Group which are incorporated in the PRC. Transfers to the reserves were approved by the respective boards of directors.

28 Reserves (continued)

(d) Translation reserves

The translation reserves comprises all foreign exchange differences arising from the translation of the financial statements of operations outside the PRC which are dealt with in accordance with the accounting policies as set out in Note 3(b)(iii).

(e) Distributable reserves

Under the Companies Law of the Cayman Islands, the share premium of the Company may be applied for payment of distributions or dividends to shareholders provided that immediately following the date on which the distribution or dividend is proposed to be paid, the Company is able to pay its debts as they fall due in the ordinary course of business.

The aggregate amount of distributable reserves of the Company as at March 31, 2008 was RMB6,109,229,000 (March 31, 2007: Nil).

29 Convertible Preference Shares

Number of shares authorized and issued

	As at March 31,	
	2008	2007
Series B convertible preference shares (the "Series B Shares"), US\$0.0001 par value	—	5,336

The movement in convertible preference shares is as follows:

	RMB'000
The Series B Shares issued on September 5, 2006 for a total consideration of US\$0.5336	—
Balance at March 31, 2008 and 2007	—

Conversion

Any holder of the Series B Shares shall have the right, but not obligation, at any time and from time to time, to convert any or all of the Series B Shares held by it, into such number of fully paid and Ordinary Shares of the Company at the then applicable conversion price. The Series B Shares shall convert into Ordinary Shares immediately prior to (and conditional upon the completion of) a Qualified IPO, as defined by the Company's articles of associations. The conversion ratio in respect of any of the Series B Shares is subject to anti-dilutive adjustments from time to time as provided for in the Company's articles of association.

On October 10, 2007, the Series B Shares were fully converted into approximately 530,571,000 ordinary shares upon the Listing of shares of the Company on the Stock Exchange.

30 Convertible Redeemable Preference Shares

Number of shares authorized and issued

	As at March 31,	
	2008	2007
Series A convertible redeemable preference shares (the "Series A Shares"), US\$0.0001 par value	—	2,135

The movement in convertible redeemable preference shares is as follows:

	Liability component RMB'000	Equity component RMB'000	Total RMB'000
Series A preference shares issued and converted from a convertible bond (the "CB") on September 24, 2006	127,326	31,050	158,376
Issue costs	(6,533)	(1,592)	(8,125)
Net proceeds received	120,793	29,458	150,251
Exchange realignment	(2,984)	—	(2,984)
Interest charged during the period	9,380	—	9,380
At March 31, 2007	127,189	29,458	156,647
Exchange realignment	(3,794)	—	(3,794)
Interest charged during the year	8,501	—	8,501
Conversion to ordinary shares	(131,896)	(29,458)	(161,354)
At March 31, 2008	—	—	—

On September 5, 2006, the Company issued a convertible bond (the "CB") with a principal amount of US\$20 million. The CB does not bear interest and is mandatorily convertible into 2,135 Series A Shares, if revised business licenses of the Company's PRC subsidiaries are issued within three months of the defined completion date of September 6, 2006. The CB is convertible at the holder's option if the revised business licenses of the PRC subsidiaries of the Company are not issued within three months of the completion date, and may be redeemed at the holder's option at the principal amount. On September 24, 2006, the CB was converted by the holder into 2,135 Series A Shares.

Conversion

Any holder of Series A Shares shall have the right, but not obligation, at any time and from time to time, to convert any or all of the Series A Shares held by it, into such number of fully paid and non-assessable ordinary shares of the Company at the then applicable conversion price. The Series A Shares shall convert into ordinary shares immediately prior to (and conditional upon the completion of) a successful Qualified IPO, as defined by the Company's articles of association. The conversion ratio in respect of any Series A Share is subject to anti-dilutive adjustments from time to time as provided for in the Company's articles of association.

On October 10, 2007, the Series A Shares were fully converted into approximately 212,229,000 ordinary shares upon the Listing of shares of the Company on the Stock Exchange.

Notes to the Consolidated Financial Statements (continued)

31 Share-Based Payments

On June 14, 2007, the Company adopted a share scheme for the Group's employees and consultants (the "Share Scheme"), which is not subject to the provisions of Chapter 17 of the Listing Rules. Under the Share Scheme, on June 14, 2007, Kong Bo Investment Limited, one of the ordinary share equity holders, and Shanghai Olympics Investment Holdings Company Limited ("Olympics Investment"), the holder of the Series A Shares, transferred 60,352,654 ordinary shares of US\$0.00001 each of the Company and 87 Series A Shares respectively to an appointed trustee, which holds and deals with the shares under the Share Scheme when the shares granted to employees and consultants vested.

The shares granted to each beneficiary shall vest on the dates set out below in the respective proportions set out below:

	Percentage of award shares vesting
First anniversary of Listing Date	25.0%
Second anniversary of Listing Date	35.0%
Third anniversary of Listing Date	40.0%

The Share Scheme has a life of three years from the listing date.

The following table sets out activities under the Share Scheme during the year ended March 31, 2008.

Shares granted to employees	Number of shares	Remaining contracted term	Grant date fair value (RMB'000)
As at April 1, 2007	—	—	—
Granted	69,000,846	3.3 years	76,066
Forfeited	—	—	—
As at March 31, 2008	69,000,846	2.5 years	

None of these shares were vested as at March 31, 2008.

Total expenses of RMB27,550,000 (2007: Nil) were recognized as personnel expenses during the year ended March 31, 2008 (Note 10).

32 Interest-bearing Borrowings

	As at March 31,	
	2008 RMB'000	2007 RMB'000
Current		
Unsecured short-term bank loans	60,000	240,000

32 Interest-bearing Borrowings (continued)

Bosideng Corporation, Shanghai Bosideng Holdings Group and Mr. Gao Dekang provided guarantees amounting to RMB190,000,000 in favor of banks to secure the Group's bank loans at March 31, 2007. Such guarantees were terminated in August 2007 (see Note 35(a)(iii)).

The Group's borrowings are all denominated in RMB and repayable as follows:

	As at March 31,	
	2008 RMB'000	2007 RMB'000
Within one year:		
— RMB	60,000	240,000

The weighted average effective interest rate per annum of the Group's borrowings as at March 31, 2008 is set out as follows:

	As at March 31,	
	2008 RMB'000	2007 RMB'000
Total borrowings:		
— RMB	7.10%	5.52%

The carrying amounts of short-term bank borrowings approximate their fair values as the impact of discounting is not significant.

At the balance sheet date, the Group had undrawn borrowing facilities amounting to RMB552,000,000 (2007: RMB700,000,000).

33 Trade and Other Payables

	The Group As at March 31,		The Company As at March 31,	
	2008 RMB'000	2007 RMB'000	2008 RMB'000	2007 RMB'000
Trade payables	281,239	542,280	—	—
Bills payable	—	50,000	—	—
Other payables and accrued expenses				
• Customer deposits	130,225	358,442	—	10,721
• Accrued rebates and commissions	116,187	128,128	—	—
• Accrued advertising expenses	37,304	43,850	—	—
• Accrued payroll and welfare	29,126	32,687	—	—
• Other levies payable	3,672	3,610	—	—
• Dividend payable	—	289,421	—	—
• Others	19,934	42,108	—	—
	617,687	1,490,526	—	10,721

Notes to the Consolidated Financial Statements (continued)

33 Trade and Other Payables (continued)

All of the trade and other payables are expected to be settled within one year.

An ageing analysis of trade and bills payable is set out below:

	The Group As at March 31,		The Company As at March 31,	
	2008 RMB'000	2007 RMB'000	2008 RMB'000	2007 RMB'000
Due within 1 month or on demand	140,562	137,420	—	—
Due after 1 month but within 3 months	140,677	454,860	—	—
	281,239	592,280	—	—

34 Commitments and Contingent Liabilities

(a) Capital commitments

As at the balance sheet date, the Company did not have any significant capital commitments.

(b) Operating lease commitments

Non-cancellable operating lease rentals are payable as follows:

	The Group As at March 31,		The Company As at March 31,	
	2008 RMB'000	2007 RMB'000	2008 RMB'000	2007 RMB'000
Within 1 year	10,348	9,674	429	250
After 1 year but within 5 years	9,765	5,220	518	947
	20,113	14,894	947	1,197

The Group leases a number of warehouses, factory facilities and office premises under operating leases. The leases typically run for an initial period of between one and six years, with an option to renew the lease after that date. Lease payments are usually increased annually to reflect market rentals. None of the leases includes contingent rentals. In addition to the above, the Group operates retail outlets under concessionaire arrangements. The concessionaire fees, calculated based on a percentage of revenue for the year, were RMB265,847,000 (2007: RMB299,477,000).

(c) Contingent liabilities

As at the balance sheet date, the Group and the Company did not have any significant contingent liabilities.

35 Related Party Transactions

During the year, transactions with the following parties are considered as related party transactions.

Name of party	Relationship
Kong Bo Investment Limited ("KBI") 康博投資有限公司	Equity holder of the Company
Kong Bo Development Limited 康博發展有限公司	Equity holder of the Company
Changshu Bosideng Garment Co., Ltd. 常熟波司登服飾有限公司	Effectively controlled by Mr. Gao De Kang and his family (the "Gao Family"), the controlling equity holders of the Group
Dezhou Kangxin Industry Co., Ltd. 德州康欣實業有限公司	Effectively controlled by the Gao Family, the controlling equity holders of the Group
Jiangsu Kangbo Investment Co., Ltd. 江蘇康博投資有限公司	Effectively controlled by the Gao Family, the controlling equity holders of the Group
Shanghai Bosideng Holdings Group 上海波司登控股集團有限公司	Effectively controlled by the Gao Family, the controlling equity holders of the Group
Bosideng Corporation 波司登股份有限公司	Effectively controlled by the Gao Family, the controlling equity holders of the Group
Shandong Kangbo Industry Co., Ltd. ("Shandong Kangbo") 山東康博實業有限公司	Effectively controlled by the Gao Family, the controlling equity holders of the Group
Shandong Ru Shang Co., Ltd. 山東儒商有限公司	Effectively controlled by the Gao Family, the controlling equity holders of the Group
Jiangsu Kangxin Garment Co., Ltd. (previously known as Smartland Children's Wear Co., Ltd.) ("Smartland") 江蘇康欣製衣有限公司 (前稱為江蘇 波司登智慧島童裝服飾有限公司)	Effectively controlled by the Gao Family, the controlling equity holders of the Group
Changshu Bingxu Fashion Co., Ltd. 常熟冰旭服飾有限公司	Effectively controlled by the Gao Family, the controlling equity holders of the Group

(a) Transactions with the equity holders of the companies comprising the Group

- (i) At March 31, 2007, the Company borrowed a loan from an equity holder, KBI, amounting to USD50,000,000 (equivalent to RMB395,940,000), on which interest was accrued at a fixed rate of 2%. The interest charged for the year ended March 31, 2008 amounted to RMB7,019,000.
- (ii) The Group borrowed an interest-free loan from Shanghai Bosideng Holdings Group amounting to USD6,700,000 (equivalent to RMB53,326,000) as at March 31, 2007, which was repayable on demand.
- (iii) Bosideng Corporation, Shanghai Bosideng Holdings Group and Mr. Gao De Kang provided guarantees amounting to RMB190,000,000 in favor of banks to secure the Group's bank loans at March 31, 2007. Such guarantees were terminated in August 2007.

Notes to the Consolidated Financial Statements (continued)

35 Related Party Transactions (continued)

(b) Transactions with fellow subsidiaries

(i) Non-recurring*

	The Group For the year ended March 31,		The Company For the year ended March 31,	
	2008 RMB'000	2007 RMB'000	2008 RMB'000	2007 RMB'000
Sales of raw materials				
Bosideng Corporation	1,228	48,488	—	—
Smartland	6	1,759	—	—
Jiangsu Bosideng Garment Co., Ltd. (i)	—	891	—	—
Total	1,234	51,138	—	—
Purchase of raw materials				
Bosideng Corporation	75,788	245,117	—	—
Smartland	3,097	—	—	—
Total	78,885	245,117	—	—
Sales of down apparels				
Bosideng Corporation	4,164	3,113	—	—
Smartland	39	—	—	—
Total	4,203	3,113	—	—
Purchase of down apparels				
Bosideng Corporation	17,960	37,183	—	—
Smartland	31,558	—	—	—
Jiangsu Bosideng Garment Co., Ltd. (i)	—	6,476	—	—
Total	49,518	43,659	—	—
Net cash (receipt from)/advance to Bosideng Corporation	(555,565)	555,565	—	—
Total	(555,565)	555,565	—	—
Deemed distribution on acquisition of entities under common control				
Bosideng Corporation	23,346	—	—	—
Changshu Bingxu Fashion Co., Ltd.	8,700	—	—	—
Total	32,046	—	—	—
Interest expenses				
KBI	7,019	—	7,019	—
Total	7,019	—	7,019	—

35 Related Party Transactions (continued)

(b) Transactions with fellow subsidiaries (continued)

(ii) Recurring**

	The Group For the year ended March 31,		The Company For the year ended March 31,	
	2008 RMB'000	2007 RMB'000	2008 RMB'000	2007 RMB'000
Rental expenses for lease of properties				
Bosideng Corporation	5,408	5,964	—	—
Shandong Kangbo	2,135	1,958	—	—
Shanghai Bosideng Holdings Group	642	428	—	—
Total	8,185	8,350	—	—
Royalty income				
Bosideng Corporation	500	1,000	—	—
Changshu Bosideng Garment Co., Ltd.	4,000	10,000	—	—
Total	4,500	11,000	—	—
Processing fee				
Bosideng Corporation	144,181	226,828	—	—
Smartland	9,481	19,304	—	—
Jiangsu Bosideng Garment Co. Ltd. (i)	—	8,513	—	—
Changshu Bosideng Garment Co., Ltd.	6,712	—	—	—
Shandong Kangbo	11,027	11,033	—	—
Total	171,401	265,678	—	—
Concessionaire fees				
Shandong Ru Shang Co., Ltd.	3,121	2,658	—	—
Total	3,121	2,658	—	—
Integrated service fees				
Bosideng Corporation (ii)	1,537	2,000	—	—
Total	1,537	2,000	—	—

* These transactions with fellow subsidiaries represent transitional arrangements in connection with the Reorganization. Purchase and sales are primarily made at cost of the products, which were completed before October 11, 2007, the Company's Listing Date.

** The directors of the Company are of the opinion that these related party transactions were conducted on normal commercial terms and were priced with reference to prevailing market prices, and in the ordinary course of business.

Notes to the Consolidated Financial Statements (continued)

35 Related Party Transactions (continued)

(c) Transaction with a director Non-recurring

	The Group For the year ended March 31,		The Company For the year ended March 31,	
	2008 RMB'000	2007 RMB'000	2008 RMB'000	2007 RMB'000
Advisory fee paid to Dr. Kong Shengyuan (iii)	7,886	—	7,886	—

(d) Balances with related parties

	The Group As at March 31,		The Company As at March 31,	
	2008 RMB'000	2007 RMB'000	2008 RMB'000	2007 RMB'000
Trade receivables due from Changshu Bosideng Garment Co., Ltd.	—	10,000	—	—
Shandong Ru Shang Co., Ltd.	357	47	—	—
	357	10,047	—	—
Other receivables due from Bosideng Corporation	35,716	433,420	—	481
Smartland	292	5,733	—	—
Jiangsu Bosideng Garment Co., Ltd. (i)	—	19,299	—	—
Kong Bo Development Ltd.	—	4	—	4
KBI	—	382	—	382
	36,008	458,838	—	867
Total receivables due from related parties	36,365	468,885	—	867

35 Related Party Transactions (continued)

(d) Balances with related parties (continued)

	The Group As at March 31,		The Company As at March 31,	
	2008 RMB'000	2007 RMB'000	2008 RMB'000	2007 RMB'000
Trade payables due to:				
Bosideng Corporation	—	16,257	—	—
Changshu Bosideng Garment Co., Ltd.	6,196	—	—	—
Shandong Kangbo	8,987	11,394	—	—
	15,183	27,651	—	—
Other payables due to:				
Bosideng Corporation	7,019	475	—	—
Bosideng International Fashion Limited	—	—	6,668	—
Shanghai Bosideng Holdings Group	—	53,326	—	—
	7,019	53,801	6,668	—
Total payables due to related parties	22,202	81,452	6,668	—

- (i) As a result of transfer of interest by the Gao Family to an independent third party, Jiangsu Bosideng Garment Co., Ltd. has ceased to be a related party since November 2006.
- (ii) The fees were paid to a hotel owned by Bosideng Corporation, which provided hotel accommodation services to the Group.
- (iii) The fee was paid to a Company controlled by Dr. Kong Shengyuan in recognition of his contribution to the Listing of the Company.

36 Post-Balance Sheet Events

Subsequent to March 31, 2008, the Company repurchased and cancelled 57,726,000 ordinary shares and proposed a final dividend of RMB476,196,000 and a special dividend of RMB222,225,000 to equity holders of the Company. Further details are disclosed in Notes 27 and 17 respectively.

37 Ultimate Holding Company

The directors consider the ultimate holding company of the Company as at March 31, 2008 to be KBI, which is incorporated in British Virgin Islands.



Corporate Information

Board of Directors

Executive Directors

Mr. Gao Dekang (*Chairman*)⁽²⁾⁽³⁾
Ms. Mei Dong
Ms. Gao Miaoqin
Dr. Kong Shengyuan
Ms. Huang Qiaolian
Ms. Wang Yunlei

Non-executive Director

Mr. Shen Jingwu⁽²⁾

Independent non-executive Directors

Mr. Dong Binggen⁽¹⁾⁽²⁾⁽³⁾
Mr. Jiang Hengjie⁽¹⁾⁽²⁾⁽³⁾
Mr. Wang Yao⁽²⁾
Mr. Ngai Wai Fung⁽¹⁾

Company Secretary and Qualified Accountant

Mr. Mak Yun Kuen

Authorized Representatives

Dr. Kong Shengyuan
Mr. Mak Yun Kuen

Listing Exchange Information

Place of Listing

The Stock Exchange of Hong Kong Limited

Stock Code

3998

Investor Relations

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39 Gloucester Road
Wanchai
Hong Kong

Principal Share Registrar and Transfer Office

Butterfield Fund Services (Cayman) Limited
Butterfield House
68 Fort Street
P.O. Box 705
Grand Cayman KY1-1107
Cayman Islands

- (1) *Members of Audit Committee, Mr. Ngai is the Chairman of the Committee*
- (2) *Members of Remuneration Committee, Mr. Gao is the Chairman of the Committee*
- (3) *Members of Nomination Committee, Mr. Gao is the Chairman of the Committee*

Corporate Information *(continued)*

Hong Kong Branch Registrar and Transfer Office

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Wanchai
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As to Hong Kong Law
Freshfields Bruckhaus Deringer

Auditors

KPMG
Certified Public Accountants

Compliance Advisor

Guotai Junan Capital Limited

Principal Bankers

Agricultural Bank of China Changshu Sub-branch
Bank of Communications Shanghai Branch
Bank of Ningbo Shanghai Branch
Bank of China Limited Changshu Sub-branch



Bosideng International Holdings Limited